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REPORT

OF

C. C. McCHORD

TO

**The Public Service Commission of the
Commonwealth of Pennsylvania**

IN RE

PHILADELPHIA TRANSIT SITUATION

1927

TELEPHONE MAIN 1918
CABLE ADDRESS "CHORD"

C. C. McCHORD
LAW OFFICES
Southern Building
Washington, D. C.

FREDERICK M. DOLAN

R. GRANVILLE CURRY

March 17, 1927.

The Public Service Commission
of the Commonwealth of Pennsylvania,
Harrisburg, Pa.

Gentlemen:

On January 5, 1927, your Commission called upon me to make a survey and report of the urban transportation facilities of the City of Philadelphia pursuant to action taken by you on January 4, as follows:

That the Chairman be authorized and directed to engage the services of Hon. Charles C. McChord, former Chairman of the Interstate Commerce Commission, to make a comprehensive survey of the urban transportation facilities of the City of Philadelphia, with particular reference to the relationship between the City and the Philadelphia Rapid Transit Company, as based upon the 1907 contract and its supplements, together with the

various Acts of the Legislature, Ordinances of the City, the franchise and other obligations of the Company and its subsidiaries, and all other matters pertaining to the legal and corporate and contract responsibilities of the various transportation companies in the P. R. T. system. Said survey also to include a study of the Broad Street Subway and other City-built high-speed lines, present and projected, and, in general, all matters pertaining to public policy concerning City-Company relationships and the legal, franchise and corporate responsibilities imposed upon the companies of the operating system; so far as they come within the jurisdiction or purview of this Commission.

This task has been a very interesting one and has required examination of voluminous records, complicated statistical data, and many ordinances, statutes and court decisions. It has also required careful consideration of the many suggestions made as to a solution of the problems presented.

After painstaking study of the facts in the light of governing legal principles, I have the honor of submitting to you the attached report. This represents my best judgment in this matter and attempts to set forth a practicable, constructive plan for insuring to the City of Philadelphia an efficient and adequate transportation system available to the car-riders at the cheapest fares practicable, while protecting the lawful rights of taxpayers, investors, and the general public.

The facts, data, and statistics in this report have been secured, in part, from:

The Street Railway System of Philadelphia,
its History and Present Condition, by Frederick W. Speirs, Ph.D.,

P. R. T. Annual Reports, 1903 to 1926,

Record in Valuation Case, including Feustal report,

Record in Frankford Lease and Chestnut Street Subway cases,

Decisions of your Commission and of the Superior Court in the Valuation and 7½-8 cent fare cases,

Original charters, leases, mortgages, and collateral trust deeds of P. R. T. and the various underlying companies, and

Ordinance of July 1, 1907, embodying Contract of 1907, between City and Company.

These have been supplemented by personal discussion with members of your Commission and its staff, and with representatives of the City of Philadelphia, Philadelphia Rapid Transit Company, counsel of various civic organizations and other interested parties.

The work of preparing the statistical schedules appended to the report has been performed by the accounting forces of the company at my request.

One of the most encouraging features of the entire situation is that I have found on the part of every one with whom I have come in contact a genuine desire to bring about a solution that is fair and right.

I have been enheartened and encouraged in my task by the splendid spirit of cooperation and helpfulness of your Commission and its staff, of present and former officials of the City, of officers and employees of the company, and of civic organizations, newspapers, and others representing the

general public. To these I desire to acknowledge my very deep appreciation.

Respectfully,

A handwritten signature in cursive script, appearing to read "Helen McPherson". The signature is written in dark ink and is positioned below the word "Respectfully,".

THE PHILADELPHIA RAPID TRANSIT COMPANY

The urban railways of Philadelphia are operated as one system by the Philadelphia Rapid Transit Company. All of these, with one exception, are leased from other companies commonly referred to as "underliers." The one exception is the high-speed elevated line known as the "Frankford L" which was constructed by, and leased from, the City. Another high-speed line, the Broad Street Subway, is being constructed by the City and will soon be ready for operation.

The Company also operates as part of its transit system a large number of motor buses and in addition a fleet of taxicabs.

As a background for consideration of the present transit problems in Philadelphia, and as an aid to a just and equitable solution, the history of the existing system is set forth in some detail as follows:

I. HISTORICAL.

A. 1857-1907: Incorporation of Independent Lines: Consolidation Into a Single System:

1. STREET RAILWAY CHARTERS:

The first street railway car, a horse-car, was operated in the City of Philadelphia on January 20, 1858, on 5th and 6th Streets, the corporate title of the Company being the Frankford and Southwark Philadelphia City Passenger Railroad Company. Street railway lines were already in successful operation in New York and Boston. Up to

that date all transportation for hire on the streets of Philadelphia had been conducted by omnibuses, which were operating at a charge of ten and twelve cents per passenger, and as many as three hundred and twenty-two omnibuses had been licensed for this service during the year 1857.

The granting of this first street railway franchise was the subject of violent protest by the "best citizens" and the newspaper press of Philadelphia. The General Assembly was petitioned not to permit this dangerous form of transportation to be carried on along the City streets, one of the reasons given being that the streets were already overcrowded, and the introduction of railways "will increase congestion of traffic."

However, during 1857, 1858 and 1859, eighteen companies were chartered, and in January, 1859, Mayor Henry in his message to Council said, "Perhaps no public improvement ever occasioned more contrariety of opinion than the occupation by the passenger railway system of the streets of this City, and perhaps none has ever promised more general benefit to the community."

Additional special charters with perpetual and practically exclusive* franchises were granted until the new Constitution became effective in 1874. Since that date all incorporation in Pennsylvania must be under general law. No general

*These charters are in effect exclusive because the streets are not wide enough to permit of the laying of a second track and the Supreme Court has held that the legislature cannot grant a right to a new Company to use the track of an old company, 203 Pa. 354.

law providing for incorporation of street passenger railway companies was passed until May 14, 1889 (P. L. 211). During that period, therefore, no additional charters were granted. All charters taken out since 1889 with unimportant exceptions are inter-company held.† These exclusive and perpetual franchises make up the surface system in Philadelphia.‡

It is important to bear in mind that not one of these street railway companies is an operating company. All have been leased for 999 years;§ so that their only interest in the situation is the receipt annually of a net guaranteed rental.

Consolidation on an extended scale did not begin until 1880, when Philadelphia City which had formerly leased the Darby Company, was in turn leased by the West Philadelphia Company. This made the West Philadelphia Pass. Ry. Co. the dominant street railway system of the City, as it occupied the three principal east and west streets (Market, Chestnut, and Walnut Sts.), and the two principal diagonals in West Philadelphia (Woodland Ave. and Lancaster Ave.), with very general rights of extension throughout the whole of that district.

†Fairmount Park and Haddington Passenger Railway Company, Darby, Media and Chester Street Railway Company. The present operating company also has an operating agreement which expires in 1941 with the Chester and Philadelphia Railway Company, under which it retains 65% of the gross receipts. It also holds a 51% interest in the capital stock.

‡A list and short description of these companies is found in Schedule No. 1.

§The Continental Passenger Railway Company is leased for but 99 years.

Continental Pass Ry. Co., (18th and 20th Sts.) acquired all of the stock of the 17th and 19th St. Pass. Ry. Co., and the controlling interest in the stock of the Empire Pass. Ry. Co., (12th and 16th Sts.) and then leased its own entire system to the Union Pass. Ry. Co., (7th and 9th Sts., and Columbia Ave.) which thus became a second important street railway system.

2. ORIGINAL TRACTION COMPANIES:

(a) *Philadelphia Traction System*: In 1883, the legislature of Pennsylvania passed an act providing for the incorporation of Motor Power Companies which would have the right to install improved methods of mechanical or electrical traction on street railway lines, and enter into contracts for the operation of lines so improved. Under this act was formed the Philadelphia Traction Co., which took over by contracts in the nature of leases, the West Philadelphia system and the Union Passenger system, and proceeded to install the cable method of traction on their principal lines. Philadelphia Traction later acquired by lease the Ridge Ave. Co., the Grays Ferry Co., and the Thirteenth and Fifteenth Sts. Company. After a general law had been passed in 1889 permitting the incorporation of street railway companies on streets not already occupied, it secured charters for the Catherine and Bainbridge St. Pass. Ry. Co., and the 22nd St. and Allegheny Ave. Pass. Ry. Co. It also took out charters for a large number of short connecting links which were necessary to permit

of the operation of all of its lines as a general system. The Philadelphia Traction Co. by 1891 had thus secured control of a system occupying the most important streets in the City; and it constitutes today the backbone of the surface system.

Traction by cable proved expensive and unsatisfactory, and beginning with 1891, the Philadelphia Traction Co. sought for and secured municipal consent to substitute the overhead trolley system for cable and horses on all of its lines, and began the construction of such system.

In 1893, two other traction systems were formed, namely, the Electric Traction System and the Peoples Traction System.

(b) *Electric Traction System*: The Electric Traction Company system, which included the Lombard and South Sts. Co. (which had already acquired its West Philadelphia rights by merger with the West End), the Citizens Co., the 2nd and 3rd St. Co., and the Frankford and Southwark Co. The procedure was, first a merger of the Lombard and South into the Frankford and Southwark. The Frankford and Southwark then secured both the Citizens and the 2nd and 3rd St. Companies by leases; finally a Motor Power or Traction Charter was taken out, subscriptions to which were apportioned among stockholders of the Frankford and Southwark, 2nd and 3rd, and Citizens Companies; and the Traction Company leased the Frankford and Southwark Co. and assumed the rentals already contracted for by it.

(c) *Peoples Traction System*: About the same

time the Peoples Traction Company was formed around the Peoples Pass. Ry. Co. as a nucleus, which was, in itself, unimportant, but which had secured by lease the Green and Coates and the Germantown lines. The latter occupied German-town Ave. and Girard Ave., two important thoroughfares; and with Green and Coates, has joint rights on 4th and 8th Sts., which was then one of the most important north and south lines in the City.

Both of these traction companies also secured charters for additional surface lines (all of the stock of which they own) and with the consent of the City installed the overhead trolley system.

3. UNION TRACTION MERGER:

The Union Traction Company was formed in 1895 and took over by lease each of the three traction companies, assuming all of their rental and other commitments and undertaking to pay to each of them a rental of four per cent. upon a valuation of each company made by the parties. Philadelphia Traction Co., which had a paid-in cash capital of \$20,000,000.,* was valued at \$40,000,000., and was to receive \$1,600,000. a year, or eight per cent. upon its paid-in capital. Peoples Traction Co., which had a paid-in capital of \$6,000,000., was valued at \$15,195,364. and was to

*20,000 shares of Phila. Traction stock had been issued at a premium of \$35 per share, making a total cash contribution by the stockholders to surplus of \$700,000. This payment has not been taken into account in determining return on capital in this report. The actual return to stockholders of Phila. Trac. Co. is 7.73% not 8%.

receive \$608,000., or at the rate of approximately 10.13% upon its paid-in capital. Electric Traction Company, which had a paid-in capital of \$8,297,920., was valued at \$14,534,750. and was to receive \$581,437.60, or at a rate of very slightly in excess of seven per cent. upon its paid-in capital.

The method adopted for effectuating this arrangement was that the Philadelphia Traction Company stockholders retained their original certificates, and received their return in the form of a guaranteed 8% dividend, while the Electric and Peoples Traction Company stockholders deposited their shares with the Pennsylvania Company, Trustee, and received a stock trust certificate, issued in thousand dollar denominations (or in multiples of a hundred), which carries a return of four dollars per hundred per year.

These certificates are known as the Electric Traction and Peoples Traction 4% Stock Trust Certificates.

Union Traction Co. now controlled all the transportation systems in Philadelphia except the Hestonville lines, occupying Arch St., Race St., and Vine St., and which served the northern part of West Philadelphia over the Callowhill Bridge. This road was acquired by Union Traction Co. in 1898 by the purchase of about eighty per cent. of the stock, followed by the execution of a lease of the property on the basis of six per cent. on the outstanding preferred stock, and four per cent. on the outstanding common stock.

At the beginning of the Century, therefore, the

entire street railway system in the City of Philadelphia had been consolidated, and was in the hands of a single lessee and operator.

4. PHILADELPHIA RAPID TRANSIT COMPANY MERGER:

In 1901, an influential group secured enabling legislation and under this, took out charters for thirteen elevated, subway and surface lines in Philadelphia, and applied for and received Councilmanic consent to build the roads. This action seriously affected the credit of the Union Traction Company. A year later (in 1902), the Union Traction interests and the political interests holding these new charters evidently got together. It was agreed that a new company to be known as the Philadelphia Rapid Transit Company (the company with which we are now dealing), should be formed with an authorized capital of \$30,000,000. to be called from time to time as required. This company was to buy all of the new franchises for \$2,000,000. in cash and was to take over all of the Union Traction Co. properties, assuming the rentals and other obligations which that Company had obligated itself to pay, and paying to the Union Traction Co. a rental at a rate of three per cent. on par for two years, four per cent. for two years, five per cent. for two years and six per cent. thereafter. As but \$10,500,000. out of an authorized capital of \$30,000,000. had been paid on Union Traction stock, this rental has amounted to a rate of return of 17.1% on actual investment since the

rental reached its maximum in 1908. This was the final step in pyramiding guaranteed dividend upon guaranteed dividend.

5. RESULTING FIXED CHARGES:

The result was an accumulation of fixed charges probably never paralleled in the history of street railway exploitation, all of which had now become the direct obligation of the operating company. These charges, not including taxes, amounted in the first year of operation to 441½% of the gross receipts, viz.:—\$6,805,089.81, out of gross receipts from passengers of \$15,277,806.58.*

The public was, naturally, inflamed by the political coup of 1901; but when all of these franchises, several of which were of great value, were turned over in another consolidation, and the Union Traction interests which had paid in but one-third of the capital subscribed, secured a seventeen per cent. guaranteed return all of which placed heavy additional burdens on the public—protests were outspoken—but unavailing.

The new company, the Philadelphia Rapid Transit Company, hereinafter called the P. R. T., undertook the construction of the Market Street subway, but the time limit expired in 1906 before the structure was completed; and there were threats of confiscation by the City. The Company, however, finally secured an extension of time, but was required to assume a contested obligation of \$400,000, as the consideration for the extension.

*Annual report of P. R. T. for year ending June 30, 1903.

6. STATUS OF UNDERLIERS;

There had been periodic uprisings of the people protesting against the grants made from time to time both to the owning and the operating companies, but the fact remained that the various steps under which the franchises had been secured and consolidated had been taken within the letter of the law, and the result had been rendered possible only by the fact that those officially representing the public had permitted the action complained of, or had in fact made the grants establishing the Company's rights. The position of the underliers, which has been throughout and still is probably the most irritating single element in the entire situation, must, however, be now recognized as having an established and incontrovertible legal status. Whatever may have been that status prior to 1907, the whole basis of the contract of that year, which is about to be examined, was a recognition of those rights, a policy of "let by-gones be by-gones," predicated only upon regulation which would make impossible a repetition of the financial sins of the past. That contract has been made and accepted, and under it, securities totaling upwards of \$64,000,000 have been issued, and sold, at an average interest (and dividend) rate of 6.2%,* or less than that to which property so devoted is entitled under the law, as defined by findings of the Public Service Commission and decisions of the Courts. Furthermore the rights of the underlying companies to receive the full rental contracted for has

*See Schedule No. 2.

been definitely determined by the Supreme Court of Pennsylvania on appeal from an attempt by your Commission to bring those rentals within your regulatory jurisdiction.† (Citizens Pass. Ry. Co. vs. P. S. C., 271 Pa. 39.) In denying the power of the Commission or the Courts to interfere with these “fixed charges for franchises and assets long since acquired,” the Court said:

“Moreover, if the statute gives to the Commission the power to reduce these rentals, it may also increase them, a conclusion which would be a great surprise to everybody, and against which, if decreed, these intervenors would be among the first to complain. As the matter now is, the law gives neither right, and hence, the Commission should have at once halted this attempt to induce it to exceed its powers.”

The City and the car rider must, therefore, face the fact that unless these rights are acquired by condemnation at a price legally fixed as fair and equitable, or by negotiation or arbitration, the underliers will continue for the balance of the term of 999 years to receive the dividends guaranteed to them under the foregoing leases and agreements.

7. 1907 CONTRACT:

In December, 1906, a program was brought forward by a combination of the great retail merchants of the City, which apparently had the ap-

†New Orleans Gas Co. v. La. Light Co., 115 U. S. 650; City Ry. v. Citizens Street Ry., 166 U. S. 557; and Mich. Law Rev., vol. 25, pp. 354, 358.

proval of the public and the press. Its objects are to be found in the recitals to the agreement that was finally approved by Councils and executed by the City and the Company on July 1, 1907. The salient points in the recitals were:—

That some fifty different companies had been incorporated;

That they had been leased for long terms to traction companies which had installed the electrical system;

That all operating rights had now become vested in one company, which was operating as one general system;

That the “terms, conditions, restrictions and liabilities which had been imposed upon these various companies * * * differ widely, and there is dispute and uncertainty with respect to the effect of many of the provisions thereof, and it is believed that it is to the interest of the public as well as of the parties hereto to supersede the former regulations and to define and regulate the relations between the parties hereto so as to make them fixed, fair and uniform”;

That large sums are required to improve, complete and extend the present system in the interest of better service, “and for this purpose it is essential that the position of the Company be clearly defined and the securities of itself and its underlying properties unquestioned, and its right to make extensions in the future assured in order that it may obtain credit to finance the increased transit facilities so necessary for the welfare of the public and the development of the City.”

The Contract provided, among other things, that no further financing should be undertaken without the consent of City Councils; that the Company should not "pay any dividends to its stockholders beyond a return of six (6) per cent. per annum, cumulative from January 1, 1907, on the actual amounts of capital paid into the treasury in cash, calculated from the date of the several payments, without at the same time appropriating from earnings and surplus and paying into the City Treasury a sum equal to that portion of the total dividend which is in excess of the said six (6) per cent. return," so that the City shall share equally with the stockholders in any distribution of excess earnings; that the company should pay a fixed sum starting at \$500,000 a year (becoming \$600,000 July 1, 1927, and reaching \$700,000 July 1, 1947), in discharge of its liability for street paving, removal of snow, and license fees; that it should take on as a charge prior to dividends, the building up of a sinking fund which would enable the City to exercise an option to acquire all of the property of the P. R. T. Company at the expiration of fifty years at "an amount equal to par for its capital stock then outstanding"; that the City should have a voice in the management, audit the accounts, etc.

These protective provisions having been incorporated, all the rights of the Company theretofore granted were confirmed free of all other conditions and restrictions, and a provision was inserted, that the rates of fare should be changed only with the consent of both parties. This provi-

sion became inoperative upon the passage of the Public Service Company Law in 1913. See the P. R. T. Valuation and 7½-8-cent fare cases and *Scranton v. Public Service Commission*, 268 Pa. 192.

The contract thus entered into which promised so much, unfortunately immediately became a target of criticism. First, it was contended that the Company had taken advantage of the City with respect to the \$500,000 payment in lieu of obligations to pave, etc. This question was immediately arbitrated by representative citizens and the adequacy of the payment confirmed. The Company, however, made a change in regulations with respect to strip tickets and transfers, which was challenged by the press and the public as a breach of faith. While the legal right of the Company to make this change, and subsequently to abolish the sale of strip tickets, was sustained by the Courts, the result has been that not only did the company lose standing in public esteem, but the contract itself has ever since been regarded by many as a bad bargain by the City.

In appraising the value of this Contract, however, we must look to results, a detailed statement of which will now be presented.

B. 1907-1927: Effects of 1907 Contract:

1. FINANCIAL RESULTS:

(a) *Capital Paid In:* Between July 1, 1907, when the Contract took effect, and December 31, 1926, \$64,723,695 has been added to the investment

of private funds in the system. Of this amount, \$41,627,000 has been raised on mortgages, bonds and car trusts, at favorable rates of interest (in no case over six per cent.) ; \$9,114,095 has been paid in upon the common stock of the Company, making that stock full-paid; and \$13,982,600 has been paid in subscriptions to \$18,000,000 of seven per cent. preferred stock.* The remaining \$4,017,400 due on the preferred stock subscriptions is being paid in weekly instalments, which payments will be completed during this year. All of this financing has been done with the approval of City Councils.

(b) *Cost of Raising Capital:* The total cost of raising this capital, including commissions, discount and expenses, was \$2,061,879 (not including costs of temporary borrowing), or at a rate but slightly in excess of three per cent. The preferred stock has been sold on the street cars to the car rider in blocks limited to twenty shares each, and the subscriptions are being paid for at the rate of a dollar a week. This stock has been sold to upwards of 40,000 different car riders, and was put out without commission or underwriting. Details of all of these figures will be found in Schedule 2.

(c) *Average Return:* Reference to Schedule 2 will show that the average rate of interest paid upon capital raised upon bond and equipment trust issues, is 5.53%. The preferred stock is receiving

*The City has authorized the issuance of \$23,000,000 of such stock under the 1907 contract. \$5,000,000 of this has not yet been offered for subscription.

7% and the common stock is at present receiving the 6% accorded under the contract, plus 2% on account of past accumulations; making the average annual cost of \$64,723,695 of securities issued and sold since 1907, 6.2%. The present average cost of the \$49,738,695 of these issues now outstanding is 6.48%. (See Schedule 4.) The common stockholder went without dividends for many years, and has received upon his cash investment of \$30,000,000,* an average return since 1907 of but 2.81%.†

In view of this inadequate return on P. R. T. capital, a substantial portion of which has been contributed on the faith of the 1907 Contract, it is illuminating to compare the return which capital previously contributed upon subscriptions to the stock of the underlying companies has been receiving during the same period, and which it will continue to receive for the remainder of the 999 year term of these leases. These percentages, shown in Schedule 3, are:

To Philadelphia Traction stockholders. . . .	8. %
To Stockholders of Philadelphia Traction Underliers	31.1%
Average for Philadelphia Traction System	11.4%
To Peoples Traction Stockholders.	10.1%
To Peoples Traction Underliers	27.7%
Average for Peoples Traction System	13.7%

*The actual amount paid in on P. R. T. stock is \$29,996,235. A small amount of stock was forfeited in early years for non-payment of calls.

†See Schedule 6 for details.

To Electric Traction Stockholders	7. %
To Electric Traction Underliers	37.9%
Average for Electric Traction System	14.9%

To Union Traction Stockholders	17.3%
To Union Traction Underliers (not including the three traction systems just named)	7.1%
Average for Union Traction System..	16.7%

Or, an average return of 13.6%

being paid upon the \$53,133,565 of capital represented by stock of underliers and calling for an annual payment of \$7,206,845. Details of these figures will be found in Schedule 3.

This striking difference in the cost of financing and the return on capital, comparing the years prior to 1907 and the period since that date, is directly attributable to the City's control of financing under the 1907 contract.

The arrangement, when made, was almost unique in America. By virtue of it, Philadelphia has enjoyed for 20 years an effective protection against unsound street railway financing which other cities have only recently secured through the operation of Blue Sky Laws and Utility Commissions. In this aspect alone, the 1907 contract has been of very great value to the City. But its greatest value for the future, and particularly in connection with the plans which will be suggested herein, lies in another of its provisions; viz:—

2. THE CITY'S OPTION:

The 1907 contract gives the City an option exercisable in 1957 or in any year thereafter, to purchase all of the property of the Company at a price fixed and limited to the amount of cash actually paid in upon its stock. This option is coupled, not only with the City's control of additional capital issues already discussed, but also with a limitation of the dividends to P. R. T. stockholders in the interim. The contract further provides for a sinking fund out of operating revenues which, if properly invested, should yield the purchase price, or a large part of it, when the option comes to be exercised.

This future right of the City to acquire all P. R. T. property is thus surrounded and protected by the following features:—

(a) The price is fixed at the actual cash paid in on P. R. T. stock, thus foreclosing any capital profit to P. R. T.

(b) The money to pay the price is being provided, wholly or in large measure, through a sinking fund built up from P. R. T. operating revenues.

(c) No unsound or watered issues of stock (increasing the purchase price) can be made in the interim, as the City has effective control of all capital issues.

(d) The property cannot be depleted in the interim by excessive dividends as these are limited to 6% cumulative after which the City gets one-half of distributive earnings.

It is quite evident therefore that the City enjoys very valuable rights under the 1907 contract with the Company. This contract, as will be pointed out later, may be an important factor in arriving at a constructive solution for the problems of the present and future.

Against the background of Philadelphia's transportation history the Contract of 1907 stands out as the single great step achieved in the past for the protection of the interests of City, public and car-rider.

The Company's withdrawal of the sale of strip tickets immediately after the 1907 Contract had been entered into was a breach of the spirit if not of the letter of that contract, this not only inflamed public feeling but no doubt precipitated a strike of the trainmen in 1909, which broke out again in 1910 and tied up all transportation in the City for more than two months. The result was a company on the brink of bankruptcy with its employees at war among themselves and with the Management, and a public sentiment greatly inflamed against a Management that had failed so signally in giving or maintaining adequate service.

C. Stotesbury-Mitten Management:

In 1910 Mr. E. T. Stotesbury was requested, by a large majority of the stockholders of both the P. R. T. Company and the Union Traction Company, to take over these properties and save the City from the loss and disorganization which bankruptcy of its transportation system would entail. Mr.

Stotesbury accepted the task and called to Philadelphia as his representative, Mr. T. E. Mitten, of Chicago.

The new Management addressed a communication to the City Council setting forth its aims and requesting the passage of certain ordinances. All of the newspapers were also taken into the confidence of the new management, and it looked for a time as if there would be substantial co-operation between the street railway system and the public which it served.

The aims and objects of the new Management, as repeatedly set forth, were* :—

“The Stotesbury Management assumed charge and control of the affairs of your Company on June 5, 1911, for a five-year period, with a three-fold undertaking :

First.—To furnish to the Public an adequate system of surface transportation.

Second.—To recognize the efforts of the motormen and conductors in the way of co-operation by such wages as the resulting increased efficiency makes possible.

Third.—To build up the property of the Philadelphia Rapid Transit Company to the end that it may be a credit to the City of Philadelphia and produce to its owners a return upon the \$30,000,000. of capital stock actually paid in.”

1. SERVICE:

After careful study, a systematic rerouting of all the Company's lines was accomplished with the ap-

*See Annual Report of P. R. T. Co. for year ending June 30, 1914.

proval of your Commission. The property has been entirely re-equipped and in addition to old cars reserved against contingencies the company now has 2791 cars of modern type, which are apparently kept in first-class condition. Three modern, fire-proof car houses have been constructed, holding approximately 1200 cars, and facilitating regular operation. Additional equipment has also been added to the Elevated system, partly by the company and partly by the City. The Market-Frankford line has 315 modern, steel cars as its equipment.

The question of the Company's service was subjected to close scrutiny in the Eight Cent Fare case. Experts employed by the City and your Commission to check the necessity of the Company for an increased fare, directed in major part their attention to criticism of the Company's liberal treatment of equipment, and maintenance. The burden of the complaint was that the Company was over-equipped, and its property over-maintained, at the cost of the car rider. Your Commission, however, after careful consideration of the Company's budget, approved the increased rate of fare. In the light of the facts developed in this case, it is fair to conclude that the Company today is giving, within the limitations of the present system and street conditions, an adequate service with modern equipment on a well-maintained right-of-way.

2. LABOR:

An outstanding, and at that time a unique, policy of the new management was in respect to labor.

In 1911, the men were underpaid and dissatisfied. Most of the old employees had taken part in the strike, and while they had been re-employed, they had lost their seniority. There was bitter feeling between the men who had stood by the Company and the men who had conducted the strike.

The management urged cooperation and promised the men a share in its results. It offered to deal with the union if the union could command a two-thirds vote. This it was unable to do. The Company then organized a co-operative plan, now so well-known, under which all differences are adjusted by committees, in which men and management have equal voice, with a final appeal to a board consisting of the Provost of the University of Pennsylvania, Chairman of the Public Service Commission, and the President of the Chamber of Commerce. In the fifteen years that the plan has been in effect, no such appeal has ever been taken.

During the war, in order to prevent strikes and interruptions to service, the wage was fixed by adoption of a three-city average. In 1922, the men were promised a wage dividend or bonus limited to 10% and payable only if earned over and above a six per cent. return on the stock. This payment, however, was by the men's own unanimous direction, paid to trustees and invested, as a group investment in the stock of the Company, each man being given a participation certificate on which he receives his share of the income from the fund. This system, with slight variations, has now been in effect for five years. This group investment for

those working for the P. R. T. Company now holds 221,475 shares of the common stock of the P. R. T. Company out of a total of 600,000 shares, which approximates virtual control. The 1911 group of disorganized and discontented men is today a loyal body of efficient workmen practically controlling the industry which they serve.

More recently, the wage with the extra ten per cent having reached a maximum of seventy-seven cents, it was agreed that future wage adjustments would depend upon the variations in the cost of what has been referred to as a typical "market basket," which has been selected and priced by the men themselves.

The wage policy of the Company has accomplished remarkable results and has received favorable comment from publicists, economists and labor leaders.

3. RETURN ON CAPITAL:

Concerning the program of the Stotesbury-Mitten Management for return on capital, the Company on July 1, 1911, had a book surplus of \$358,250.85, after charging off the deficit for the year just ended of \$415,559.77. The surplus was gradually built up and in 1916 the first dividend was paid on the stock. Dividends were suspended in 1920, but since 1922 have been regularly paid at the rate of six per cent with two per cent additional in 1925 and 1926, applicable to the accumulation due under the 1907 Contract. The dividends paid during the fifteen years under the new Manage-

ment on actual cash capital have averaged 3.34 per cent and the surplus has grown from \$358,250.85, to \$6,489,188.29, equivalent to one and one-third per cent per annum additional.

A comparison of the salient features of the 1911 and the 1926 operating results will strikingly illustrate the financial growth of the property.

	<i>1911</i>	<i>1926</i>
Gross Receipts.....	\$21,529,469	\$58,735,058
Operating Expenses....	11,562,980	41,506,157
Taxes	1,586,080 *	3,409,098
Fixed Charges.....	8,795,969	10,792,109
Net Earnings.....	<i>415,560</i>	3,027,695

With the great increase in all material and wage costs, no such accomplishment would have been possible had it not been for outstanding efficiencies and economies. This matter was thoroughly investigated in the Valuation case, 12 Pa. Corp. Rep. 151, and again in the Eight Cent Fare case, 14 Pa. Corp. Rep. 308, and the claim that outstanding results had been accomplished was substantiated. It is unnecessary to extend figures with respect to the various items, but larger cars, increased speed of cars, a carefully stimulated riding habit, scientific re-routing, and improved morale in all branches of the service, all played their part in bringing order out of chaos, and financial stability out of bankruptcy.

*Includes \$430,589. carried under maintenance in annual report.

4. VALUATION CASE:

Costs of operation continued to advance after the war, and the Company in 1920 sought additional revenue. To obtain this, it filed an amended tariff maintaining the base fare at five cents but substituting a three cent charge in place of free transfers. Similar companies in other localities were at the same time needing and seeking additional revenue. The policy elsewhere pursued was to ask for an increase in the base rate. P. R. T.'s position, strongly urged before the Commission, was that an increase in base rate would defeat its object by a falling off in the profitable short riding, a habit which it claimed it has successfully fostered.

Your Commission, however, finally determined that the fairest way to secure additional needed revenue was to increase the base rate and leave free transfers and exchange privileges undisturbed. It accordingly entered an order requiring the Company to file a new tariff, in which the base fare would be seven cents or four tickets for twenty-five cents, with free transfers and exchanges as theretofore.* The whole question being then before the Commission, it instituted at the request of the City of Philadelphia a valuation of the Company's property. This case has come to be known as the Valuation Case. Hearings were held over a period

*Rides per capita increased from 329 per annum in 1911 to 501 per annum in 1920. The number of passengers carried in the first year after the increase in base fare fell off 72,000,000. When to this actual decrease, is added the normal increase of four per cent on over 900,000,000 riders, it is apparent that the increase in fare was responsible for a loss of over 100,000,000 riders per annum.

of two years. The City and other protestants were represented by able engineers and attorneys. The record of testimony covers 6,045 printed pages with 142 exhibits. In passing upon the question, the Commission wrote a well-considered opinion in which all of the principles and theories governing valuation cases were fully discussed, and reached a determination that on the application of the established principles of law to the facts in the case, the property of the Company had a fair value, based on June 30, 1919 prices, of "substantially upwards of \$200,000,000." The application of the seven per cent. rate of return uniformly adopted in such cases by the Commission to this minimum figure of \$200,000,000, more than justified the earnings produced by the rate of fare then before the Commission, so that it was unnecessary for the Commission at that time to fix the valuation with any greater degree of definiteness. The action of the Commission was, on appeal to the Superior Court, approved, (*Phila. vs. P. S. C.*, 83 Pa. Super. 8). The 7-61 $\frac{1}{4}$ cent fare continued in effect from November, 1920 to September, 1924.

5. 8-71 $\frac{1}{2}$ CENT FARE CASE:

In the summer of 1924, the Company, being again in need of additional revenue, filed a new tariff increasing the base rate from seven to eight cents, and the commutation rate from six and one-quarter cents to seven and one-half cents, but abolishing all three-cent exchange tickets outside the central delivery district, and substituting therefor, free

transfers. This action was again contested by the City and certain organizations of citizens. The Commission in September, 1924, issued its temporary order confirming the new rates pending final decision of the question upon further hearing, and its temporary order was upheld by the Court on appeal, in which the valuation already referred to was again confirmed. (Phila. vs. P. S. C., 84, Pa. Super. 135.) Again the City was represented by an able engineering staff. Again the Commission held that it was not necessary to determine a valuation in excess of \$200,000,000 as the testimony showed that even under the new fare, no more than a fair return on that valuation would be realized. The temporary order of the Commission approving the new schedule of rates was subsequently made permanent. In this connection it is interesting to note that the Company's report for the year 1926 shows that the new fare has not yet produced the rate of return found by the Commission as just, even under the minimum valuation of \$200,000,000.

D. City Built Lines:

In 1912 P. R. T. was in no condition to do more than rehabilitate the existing system. It had, in 1902, acquired franchises to build a system of high speed lines covering the whole city, but had, prior to 1907, permitted all of these to lapse except the Frankford L franchise, which was in fact the logical extension of the Market Street high-speed lines, and the franchise for a subway under Broad Street, which it released to the City under the

terms of the Contract. These two franchises reserved in 1907 had also lapsed prior to 1912, and as there was a necessity for high speed lines, the City at that time undertook their construction.

To accomplish this, an amendment was secured to the State Constitution, enlarging the debt limit of the City, and far-reaching legislation was adopted, permitting the City to use its resources in the construction of such lines, and to build, buy, operate or lease them. Several years later additional legislation was placed upon the statute books at the instance of the City, giving it the power to condemn as a whole the P. R. T. system. This will later be described more fully. The Constitutional changes with respect to debt limit, and there were many, finally increased that limit to ten per cent. of all taxable property within the City, (including for the first time taxable personal property), and provided that in any computation of debt, to determine whether the limit had been or would be exceeded, there should be eliminated bonds issued for property which either was producing or was reasonably expected to produce a return equal to the interest and sinking fund charges upon such bonds. In other words, the City was provided with a revolving fund which it could expend on high-speed lines and re-expend whenever those lines, through operation or lease, produced or were reasonably expected to produce, a return equal to the carrying charges of the bonds.

Mr. A. Merritt Taylor was the first Director of the Department of City Transit. With the aid of

Ford, Bacon and Davis, he developed a comprehensive system of high-speed lines. In 1915 and 1916, this system was submitted to the voters of the City, who registered their approval by appropriating \$63,100,000 toward construction of these lines. Work was immediately begun on the Frankford Elevated road, and a surface feeder line to Byberry. Preliminary work was also done under City Hall and on Arch and Walnut Streets in connection with the Broad Street subway, and a proposed delivery loop. All work was suspended during the war, but by 1922, the City had completed the Frankford Elevated line at a cost of \$15,603,993 and Byberry and Bustleton Surface Line at a cost of \$627,539. Of this total cost, \$13,641,658 was represented by outstanding City bonds. It then negotiated a five years' lease of these properties to P. R. T., which will expire in 1927. This short period was fixed in order that the City might be in a position at completion of the Broad Street Subway to negotiate for the operation of its two main high-speed lines—Frankford and Broad Street,—at the same time. As the Broad Street road is nearing completion, this wise provision may now be given effect.

A plan for the construction of a subway on Chestnut Street, into which the surface tracks now on Chestnut and Walnut Streets will be removed, has been negotiated by the City, P. R. T. and its underliers. The object is to give rapid and uninterrupted delivery for the West Philadelphia surface lines and free these important and congested

streets for vehicular traffic. The estimated cost is something in excess of \$20,000,000, and the annual carrying charge will be approximately \$1,000,000. In the agreement submitted and now pending before your Commission, P. R. T. proposes to assume these charges. This, of course, is equivalent to placing them upon the car rider.

E. Buses and Taxicabs:

In 1923, the Company entered energetically into the growing and important phase of local transportation by the operation of motor bus lines, and has established eighteen different lines serving the City. Most of these are feeder lines in outlying districts where the traffic would not support the heavier costs of constructing street railway tracks, but some are supplemental to established street car lines giving a better service, namely, a seat per passenger, and a ride on rubber-tired vehicles at a slightly increased fare—ten cents. Altogether, the Company has purchased, and has now in operation, 362 motor buses* of this improved design. P. R. T. also operates lines from Philadelphia to New York, Washington, and Atlantic City, but these lines form no part of the P. R. T. system, which we are considering.

The assent of the City Councils has been secured to the operation of all of the local bus routes under terms which require the results of operation to be taken into consideration in determining fair re-

*Financing has recently been completed covering the purchase of 201 additional buses.

turn on invested capital, and these assents have necessarily been passed upon by your Commission and have received your approval. These lines show a loss from operation during the past year. However, there is a growing demand for transportation of this character, and the Company was faced with the alternative of permitting this business to be built up by independent operators and later repeating the mistakes of the past by buying them at inflated prices, or of absorbing the loss from the outset and developing the industry in connection with the operation of its own surface and high-speed system. The latter course has received the approval both of City Councils and of your Commission.

The establishment of a taxicab service in connection with street railway and bus service was the next step taken by the Company. It has purchased the largest fleet of taxicabs on the Philadelphia streets, the Yellow Taxicab Company, and is at present operating over 1100 cabs. This step likewise has been approved by City Councils and by your Commission.

The Company has stated that this action was prompted by the experience of other large cities, in which taxicab service has grown to a point where, as in New York, the receipts exceed those from the surface railways. The figures in the annual report of the Company for the year 1926 show that while motor bus operation for the entire year resulted in a deficit of \$274,247.21, the taxicabs produced in the eight months of their operation a

net income of \$198,339.33, or at the rate of \$297,-508.99 for the year.

The action of the Company in seeking to control the entire local transportation service has, perhaps not unexpectedly, given rise to hostile criticism as tending to build up a great monopoly. On the other hand, the company contends that unification of all branches of transportation tends to better service and that the conservation of the earnings from these better-paying and more luxurious accommodations is the only policy that will enable the Company to take on operation of additional City lines. It is the constantly recurring question, whether the proper regulation, the more costly check of competition can be dispensed with, and constitutes one of the problems which must be faced in the present study.

II. THE PRESENT SITUATION AND THE PROBLEM PRESENTED.

No proper understanding of the present situation can be had without an impartial analysis of the rights and interests of the various interested parties. In this analysis they should be viewed, not as hostile and contending parties, but as different groups having special interests in a common problem. A proper solution of this problem must necessarily work justice to all of these groups and make for the continued growth and prosperity of the community as a whole.

The first essential is a knowledge of the facts; the second, a just and constructive solution based upon these facts.

A. The Company:

The Company has, for 25 years, operated as a single system all of the urban railways of Philadelphia. Under its present management it is a competent operator giving good service with a well maintained and modern system and a loyal and efficient body of men.

In that period of 25 years it has provided through its issues of stock, bonds and equipment trusts almost \$100,000,000 * of new capital without "water" and at a *present* average return of 6.54%. Its \$30,000,000 of common stock went without dividends for many years, and is today short of recovering the 6% cumulative dividends contemplated in the 1907 contract by the sum of \$19,222,207. (*Schedule 6*). There are 30 years remaining under that contract in which the Company has opportunity to make up this deficiency to its common stockholder. It is now being made up by the extra 2% of the present 8% common dividend. The continuation of this 8% common dividend until 1957 will be approximately sufficient to wipe out the \$19,222,207 deficiency.

The decisions of the Commission and the Courts in the Valuation and 8-7½ cent fare cases have established the right of the Company to earn a fair return on the value of the property devoted to

*See Schedule 4.

public use. This return produces sufficient revenue for the company to pay its present rate of dividend.

The return, however, is threatened as the time approaches when the Broad Street subway must be operated with the attendant initial losses. In granting Certificates of Public Convenience for the building of this road, the Commission pointed out that the operation should be by P. R. T. It is logical and proper that one company should operate the City's present and prospective high speed lines. Unified operation with free transfers is essential to good service. Independent operation would largely destroy the usefulness of the City's lines and would entail heavy loss to both City and Company.

B. The City:

The City early recognized that high speed lines were essential for its continued growth and prosperity. It likewise recognized that because of the tremendous cost of construction, high speed lines cannot be built with private capital and must be provided by public funds.

Such expenditures are justified by the resulting benefits to the City and its property owners. Subways increase the usefulness and capacity of the street surface at less expense than is entailed in the widening of existing streets or the driving of new streets through congested areas. They permit the development of vast suburban areas creating new taxable values and bettering the living condi-

tions of the citizens. The increased taxes from the property advantaged is alone sufficient to carry the construction bonds and retire them in 50 years.

Since the Frankford Elevated was authorized in 1914 the assessed value of taxables, due largely to its construction and operation, has increased in the territory immediately served by that line, about \$94,000,000, or 72%, resulting in increased City tax revenue at current rates of upwards of \$2,350,000. The maximum annual carrying charges on the bonds issued for the Frankford construction are \$936,850, or less than 40% of the increased revenue from growth in assessments.

City-built high speed lines are thus of great social and financial benefit to the City provided they are made available to the largest possible numbers of riders at the lowest reasonable rate of fare.

The present temporary lease of the Frankford Elevated expires in November of the current year. At that time the Broad Street subway should be ready for operation. They should both be operated by the Company as part of its unified system with comprehensive free transfers and at the lowest possible rate of fare. In working out a basis for such operation the two lines should be treated together under a common arrangement. This would also assure the building by the Company of the extensions to its present surface system, which have been recommended by your own engineering staff.

C. The Problem:

The operation of additional lines entails additional operating costs which are not off-set for many years by any additional riding produced. Under the plan of unified operation these additional costs must be borne by the Company and ultimately by the car rider. Thus these additional operating costs will become additional charges against total transportation revenues.

In the case of the Frankford Elevated the net additional cost, exclusive of rent, at the commencement of operation was jointly estimated by the City and the Company in a report filed with the Commission at \$704,774 per annum. Since the cost resulting from operation of this line is already being borne by the Company, it need not be considered as an additional cost in solving the present problem.

The engineering board of the Commission has advised us that in its forthcoming report it will recommend the building and operating of additional surface line extensions which will entail an initial operating yearly loss estimated at \$230,000. Also the bureau estimates an initial operating loss of \$1,500,000 on the Broad Street Subway.*

This means that there must be provided out of the total revenues collected from the car rider an additional \$1,730,000 each year to pay the cost of

*The exact figures are a loss of \$1,000,000, the first year when only two tracks can be operated to a southern terminus under City Hall. When, perhaps a year later, the four tracks can be operated to the southern terminus at South Street, the estimated annual loss is \$1,700,000. We have therefore assumed \$1,500,000, as a fair estimate for immediate future years.

this additional service. This cannot be done if those revenues are to continue subject to all of the charges at present against them. Revenues could of course be increased by a further increase in fare. But from every viewpoint this would be a woeful expedient. Every increase of fare tends to decrease riding. The change in 1920 from the 5 cent to the $6\frac{1}{4}$ cent fare caused the loss of 100,000,000 riders the succeeding year. The increase in 1924 from $6\frac{1}{4}$ cents to $7\frac{1}{2}$ cents caused a further loss. Another upward step would have similar results. It is probable that an increase in the ticket rate from $7\frac{1}{2}$ cents to $8\frac{1}{3}$ cents (3 tickets for 25 cents) accompanied by a flat fare of 10 cents for single rides would produce the necessary additional revenue. This would be a heavy burden on the regular riders who of necessity must continue to ride. Moreover, it would drive away a body of riders many times greater than the number of new riders which the Broad Street Subway could possibly attract. The City would then be in the position of having spent millions to provide additional transit service and of having provided it in such a way as to serve fewer of its citizens than before. This in turn would minimize the collateral municipal benefits. For civic expansion and increased taxes flow from added riding, not from unpatronized transit systems, however costly. Such results are the very antithesis of sound municipal development. A sound transit policy should build toward fare reduction not toward recurrent fare increases.

The task therefore is to formulate a program

which will give to the citizens of Philadelphia improved transit with ultimate reduction of fares.

III. THE SOLUTION.

The basis of our solution is two-fold: *First*, to decrease existing charges against gross revenues; *Second*, to apply the entire remaining balance directly to the cost of the service.

The gross revenues and the annual charges against them for the year 1926 were as follows*: (See Schedule 10)

Gross Receipts.....	\$58,735,058
Operating Expenses.....	41,506,157
Taxes.....	3,409,098
Fixed Charges.....	10,792,109
Net Earnings.....	3,027,694

This figure of nearly \$59,000,000 gross receipts has been made possible by the policy already stipulated by the City and passed upon by your Commission, of conserving in the common fund the revenues from the Company's motor bus and taxicab operations which produced in 1926 \$3,130,590 and \$4,460,515, respectively. The total represents all the revenue that the present system of fares can be expected to produce at this time.

The first charge against this total of gross receipts is operating expenses of \$41,506,157. The

*The Company's books are kept in the manner prescribed by the I. C. C. and adopted by your Commission.

Company is now operating the surface-subway-elevated lines at a ratio of approximately 70% which is low as compared with other similar systems (see Schedule 5). In the Valuation Case and again in the 8-7½ cent fare case the operating budget was carefully scrutinized without disclosing opportunity for any material reduction. No one wants a cheap standard of operation. Such a policy is fatal alike to service and safety. When pursued for long the inevitable is a wrecked plant and a demoralized operative organization. While we have not attempted to analyze or pass upon the various items of operating expenses, there appears to be little prospect of any material reduction in such expenses. Taking these as they are today at \$41,506,157, they leave out of the gross receipts of \$58,735,058 a balance of \$17,228,901 now applied as follows:—

Taxes.....	\$3,409,098
Fixed Charges	10,792,109
Net to P. R. T. stockholders...	3,027,694
<hr/>	
Total.....	\$17,228,901

These charges against gross transportation revenues can be very radically reduced by the simple, lawful, and just expedient of condemning the underlying companies.

A. Condemnation of Underlying Companies:

The Hecht Bill (Act of July 19, 1917, P. L. 1096), gives the city certain powers of condemna-

tion but limits their exercise to the condemnation of the system as a whole including the rights of P. R. T. A more flexible grant of power appears necessary and to accomplish this a new statute has already been introduced in the Legislature. Under it the City will not be compelled to take the entire system but can condemn the underliers only if it so desires.

B. Savings from Underlier Condemnation:

The underlying interests in the property take three forms, viz:—

1. Stock of underlying companies outstanding in the hands of the public;
2. Mortgage bonds of underliers outstanding in hands of public;
3. Collateral trust bonds secured by deposit of underlying stocks inter-company held.

If the City can acquire these interests it will step into the position of landlord of the existing system and will be entitled to receive the heavy rentals now going to the underliers and make such use of them as will best promote the interests of the municipality and its citizens.

The aggregate face value of mortgage and collateral trust bonds, detailed in Schedule 7 is \$33,554,633. These apparently represent a genuine investment and a prior claim upon the underlying properties. While it might be found possible to condemn the underliers *subject* to these encumbrances, it will be here assumed that they will be

retired at their face value so that the City will get the properties free of all outside interests except only the existing leases to P. R. T.

The stock of the underliers represents simply the right to receive for the balance of the 999 year terms the aggregate rentals fixed in the leases. Such a right can be readily valued. One method of appraising its value is to capitalize the annual rentals at a proper rate. For this purpose the rate of 7%, which is adopted in Pennsylvania as the fair return to private property devoted to the public service may well be assumed as just. Capitalizing these annual rentals, namely, \$7,201,955, (Schedule 9) at this rate will give a value of \$101,926,000.

Another basis for appraisalment is furnished by the prices which the underlier stocks have commanded in recent years in the open market. Schedule 8 shows these prices for the past thirty-one years. If we take the 8 post-war years, 1919 to 1926, both inclusive, as a period fairly representing present value, we find an average market price of \$101,191,000 which closely approximates the figure produced by capitalization of rentals at 7%. (Schedule 9.)

We will, therefore, assume that the underlying properties can be condemned on a basis which would yield their owners a price equivalent to a capitalization of their present return upon a seven per cent. basis. By far the larger interests in these properties are held by trustees who have necessarily been greatly disturbed by the constantly fall-

ing market price, and by the debacle of similarly guaranteed underlying stocks in the New York situation. They should welcome a solution which would substitute for these holdings City bonds which, under the law of Pennsylvania, are designated as a proper trust investment. The study submitted assumes an acquisition of the stocks on a seven per cent. basis, and retirement of the bonds at par. The following tables computed from detailed figures in Schedules 7 and 9 illustrate the result of condemnation of underliers on this basis.

Present Annual Return

On

Underlying Stocks in hands of public	\$7,201,955
Underlying Bonds in hands of Public	850,710
Collateral Trust Bonds in hands of Public secured by pledge of underlying stocks	770,180
<hr/>	
Total Present Annual Return to Underliers	\$8,822,845

Estimated Cost of Condemnation

Outstanding Stock on basis of return capitalized at 7%	\$101,926,000
Underlying bonds at face value . . .	19,937,633
Collateral Trust Bonds at face value	13,617,000
<hr/>	
Total Estimated Cost of Condemnation	\$135,480,633

As this total cost is necessarily an estimate we will, for convenience, treat it at the round figure of \$136,000,000. What would it cost the City to borrow and later retire that sum?

*Annual Interest and Sinking Fund on
\$136,000,000 of City Borrowing*

Interest at $4\frac{1}{4}\%$	\$5,780,000
Sinking Fund at 1%	1,360,000
	<hr/>
Total annual cost to carry and retire in 50 years	\$7,140,000

While the sinking fund payment is a necessary obligation under the law governing the issue of City bonds, it is in principle in the nature of an amortization, renewal or retirement fund, and in accord with the Company's accounting will be a charge against the renewal, maintenance or depreciation funds already set up in its operating accounts. The figure of \$1,360,000 is, therefore, eliminated from the calculation in determining the net saving resulting from the condemnation of the underlying properties. The saving will thus be slightly more than \$3,000,000 a year. In addition there would be a large saving in taxes. The total annual saving as the result of condemnation of the underliers will be about \$4,500,000. This is shown in the following table:

*Comparison of Total Annual Costs Incident to
Present Underlying Structure With Annual
Costs after Condemning Underliers*

	Present Structure	Condemning Underliers
Return on stocks and bonds	\$8,822,845	\$5,780,000
Sinking Fund		
Payments for Corporate Expenses	47,890	
State and Federal Taxes (except gross receipts tax)	1,432,403	
Total	\$10,303,138	\$5,780,000
Annual Saving from Underlier Condemnation		\$4,523,138

C. Future Return to 5 Cent Fare.

Under this plan there would be an annual saving of \$4,500,000 in the charges against gross revenues, which can be effected alone through the direct expedient of underlier condemnation. This saving would be sufficient to permit a substantial reduction in present fares, and very possibly an early return to the 5 cent base fare, if this be desired. Such a policy or that of utilizing such savings in extensions and improvements will give the City the full usefulness and benefit from its unified transit system.

In addition to this financial saving the City, as owner and landlord of the system would be unembarrassed by any necessity to preserve antique franchises and charter routes. There would thus

be eliminated for all time the character of obstruction which has so complicated and impeded great public improvements like the Chestnut Street Subway and the Filbert Street track removal.

A circumstance of deep significance is that under the present structure the payments go on for 900 years whereas under condemnation the bonds would be retired through the sinking fund in 50 years and then all costs would cease.

The choice presented by underlier condemnation, therefore, is the choice of paying \$10,300,000 for 900 years, and even then not owning the property, or paying \$5,780,000 for 50 years and then owning the property free of all debts and carrying charges.

D. Acquisition of P. R. T:

We have been dealing with the problem of underlier condemnation alone. The next question is as to condemnation of P. R. T. It is possible that the financial saving of \$4,500,000 we have referred to could be increased materially by the present condemnation of P. R. T.'s interests as well as the underliers.

This would, of course, require the immediate issue of a very large additional amount of city bonds. The actual amount is very difficult of estimation because P. R. T. has today the right as a public utility to the full balance of a fair return on the entire system after meeting its existing fixed charges. This is sufficient to enable it, with reasonable certainty in the remaining 30 years of the 1907 contract to make up the \$19,222,207 deficiency in

the 6% cumulative dividends on its common stock there contemplated. It would probably claim compensation for that right in any present condemnation.

The present average return on all P. R. T. capital is 6.48%—not an exorbitant or burdensome charge. And the City already has the option to buy out P. R. T. at par in 1957, with funds which are being built up currently out of transportation revenues.

It may be the wisest plan to acquire the underliers presently by condemnation with borrowed money and to acquire P. R. T. in 1957 under the 1907 contract option with the accumulated surplus. This latter step should, however, be coupled with a definite limitation of P. R. T. dividends and complete control by the City of all P. R. T. surplus earnings. The City might also appropriately secure from the Company two additional options to buy all of its property on July 1, 1937, and July 1, 1947, respectively, at prices in each case that could no doubt be determined upon reasonable basis through negotiation.

Under this plan the City may, in two steps become the absolute owner of the entire unified transit system and within 50 years hold it free of all debts and carrying charges. And it will have laid the basis for a substantial reduction in fares as soon as underlier condemnation is consummated.

The consummation of underlier condemnation will require, as stated, additional legislation and

a further substantial period of time before the price can be determined and the electoral authority secured. But the balance of the plan can and should be carried forward immediately and in such a way as to achieve at once the following results:

1. Immediate operation of Broad Street Subway without increase in fare;
2. Limitation of P. R. T. earnings to present dividends with payments of all surplus to City;
3. Provision for increased sinking fund, sufficient by 1957 to purchase P. R. T.
4. Local initial control by City of all questions of service, fares and finances.

E. Philadelphia Transit Conference Board:

The machinery for accomplishing these results should in our opinion be provided through the erection of a local board with some such name as, Philadelphia Transit Conference Board, to consist of three members. One should be appointed by the city, one by the Public Service Commission, and one by the Company.

Our investigation indicates that there is a widespread desire in Philadelphia for a greater measure of local control of transit matters. With the growing interest of the City in transit affairs, due to the completion of the Broad Street Subway and the plan for underlier condemnation local control through such a board appears advisable. As will be pointed out later, such a board would in no wise conflict with the regulatory law of the State or the jurisdiction of the Commission.

F. Sinking Fund:

To this Board should be turned over the sinking fund already accumulated under the 1907 contract and approximating by June 30, 1927, \$2,800,000. The Board should have the duty of so handling and augmenting this fund as to produce by 1957 a sum sufficient to purchase P. R. T. as an entirety, viz., the common interest of \$30,000,000 at par and the preferred interest of \$18,000,000 at the call price of \$55 per share or \$19,800,000:—total \$49,800,000. The present sinking fund with annual payments continued and invested in 7% securities will yield over \$46,000,000 by 1957; at 8% it will yield over \$58,000,000. It should be invested in P. R. T. securities; preferred so far as available and the balance in common. These are the very things that the fund is established to acquire. The 1907 contract expressly contemplated this course. Why it has not been followed is not quite clear. By following it from now on the fund can be made sufficient to accomplish its purpose by 1957. If, however, there should be any prospect of deficiency it can be met by the Board through augmented annual payments out of the “special fund” described below. The Board should be vested with the City’s existing veto power over any additional capital issues by the Company, and should thus be able to control the ultimate purchase price of P. R. T. and see to it that the sinking fund is sufficient to meet that price.

G. Special Fund:

All that the Company can fairly claim under the 1907 contract is the right and opportunity to secure by 1957 six per cent. cumulative dividends to its common stockholders. In all surplus distributive earnings the City already has a 50 per cent. interest. But with the payment of the present dividends established and continued the common stockholders will receive full and fair recognition and can well be asked to surrender to the City any further right in surplus earnings. The present surplus of the Company as shown by its annual report for 1926 is \$6,489,188.29. (See Schedule 11). The Company should be willing under the plan here proposed to pay over out of this surplus to the Transit Conference Board a fund of \$5,000,000 in cash here designated the "*Special Fund.*" After this initial payment the Company should pay each year to the Board in lieu of all special payments now made to the City under the 1907 contract, its entire surplus after meeting its fixed charges, taxes and the dividends on its common and preferred stock.

The fund so created should be used first to make such payments into the sinking fund as may be necessary to make it sufficient (when invested as above described) to meet in 1957 the option price on P. R. T. under the 1907 contract.

As the fund grows the Board should have the discretion either to require a fare reduction or to require additional service as may best promote the common good of the City. The fund could be

drawn upon by the Company only if necessary in any year to make up the amount of its rates of dividend. This would be no more than fair as the fund is to be created and built up out of the Company's surplus earnings to which the Company will surrender all right and interest above its dividend payments. And in 1957 the entire balance remaining in the fund would be the absolute property of the City.

Thus the City, having secured the right to receive, control and ultimately take all present and future P. R. T. surplus can safely discontinue the present specific payments now being made to it by P. R. T. with the single exception of the sinking fund payments which it might be wise to continue as an ear-marked item. The specific payments which should be discontinued and merged into the new arrangement are:—

Paving Tax	\$600,000
Taxes on Dividends of Underlying Companies	115,579
Frankford Elevated Rental—proposed at	936,850
Total	<hr/> \$1,652,429

The additional burdens which the Company must bear under additional operations to be immediately undertaken are, as estimated by the Engineering Bureau of the Commission,

Net additional operating expense of surface extensions	\$230,000
Net additional operating expense of Broad Street Subway	1,500,000
Total.....	<hr/> \$1,730,000

In view of the close approximation of these totals and the protection against future fluctuations provided by the "Special Fund" it is seen that the plan will make possible the immediate operation of the Broad Street Subway and the surface extensions without any increase in fare. And as soon as underlier condemnation is consummated a return to the 5-cent fare would be possible.

H. Taxpayer, Car Rider and Company:

Under this plan as outlined above, the car-rider will continue to bear in full all the operating costs of transit service. He is the direct user of the service and it is fair that he should pay the direct cost of rendering it.

As to capital costs the car-rider will pay the return on the \$136,000,000 of city bonds issued for underlier condemnation, as well as on P. R. T. capital stock of \$48,000,000, and its \$13,000,000 of bonds and equipment trust certificates. He will also pay, through the respective sinking funds the amounts necessary to retire the former in 50 years and practically all of the latter by 1957. He thus assumes the entire burden of carrying and paying \$197,000,000 of the capital in the unified system. To this would be added, if the Commission ap-

proves the Chestnut Street subway contracts now before it, the estimated cost of \$20,000,000 making a total of \$217,000,000 as the car-riders share.

The taxpayer, on the other hand, who is equally benefited by transit extension and particularly by high speed lines, will bear the return and will ultimately repay through sinking funds, the bonded indebtedness of the City incident to its high speed lines; viz:—

Frankford Elevated	\$13,421,353
Broad Street Subway to South Street	110,000,000
Total	<hr/> \$123,421,353

This under existing circumstances appears to be a fair and equitable division of burden between the two benefited classes of citizens, taxpayer and car-rider.

J. The U. G. I. and Pittsburgh Plans as Precedents:

In formulating the foregoing plan the somewhat similar arrangements now in effect as to the Pittsburgh Railways and the Philadelphia Gas Works have afforded helpful precedents. Both of these have received widespread favorable comment as well as the formal approval of your Commission. Many of their major features are incorporated in the present proposal which has however been formulated in all its details to meet the special and peculiar features of Philadelphia's complicated Transit situation.

In this connection we may state that careful consideration has been given to the recommendations in reference to the suggested functions of the Local Board. We believe they are entirely compatible with the requirements of the Public Service Company Law and the jurisdiction of the Commission. Necessarily all the powers of the Commission would be reserved in its approval of the creation of such a Local Board, just as they were in the Commission's approval of the creation of the Pittsburgh Traction Conference Board in 1921. It is significant that, since the Pittsburgh Board was created, the spirit of cooperative fair dealing, based upon the Commission's orders and findings in the Pittsburgh transit situation, has resulted in practically eliminating all disputes as to fares and service in that city. As the Commission's records show, the situation in Pittsburgh was in many respects more difficult than that in Philadelphia, and experience under the Board plan which the Commission approved for Pittsburgh, should be a guarantee for the success of a very similar Local Board for Philadelphia.

Certain fundamental features of the proposed Local Board are the same as those incorporated by the City in its 1926 lease agreement with the United Gas Improvement Company. They were approved by the Commission when it passed upon this agreement. Therefore, we have assumed that the principles involved in the U. G. I. and Pittsburgh Board agreements having been approved by the Commission, our recommendation for a Local

Board in the present instance rests upon sound and settled public policy.

IV. THE PROGRAM SUMMARIZED.

OUR PROGRAM THEREFORE IS—

1. City should acquire all transit facilities by—
 - (a) Present condemnation of underliers with saving of about \$4,500,000 a year;
 - (b) Purchase of P. R. T. in 1957 through adequate sinking fund; or sooner, if it could be obtained on reasonable terms and if the City's financial condition and borrowing power permit.

These obligations would be discharged out of P. R. T. revenues and would constitute the car rider's contribution amounting to approximately \$7,500,000* annually. They would result in vesting in the City within 50 years the entire P. R. T. system valued at upwards of \$200,000,000.†

City-built lines will be carried and paid for out of City treasury. This will constitute the taxpayer's contribution amounting to approximately \$6,500,000‡ annually, and will in 50 years free from debt and fixed charges all City-built lines.

*This represents the \$7,140,000 above referred to as interest ($4\frac{1}{4}\%$) and sinking fund charges (1%) on the \$136,000,000 of condemnation bonds heretofore explained, plus weighted average sinking-fund payments under 1907 contract of about \$290,000 annually.

†The \$20,000,000 Chestnut Street Subway with annual carrying charges of approximately \$1,000,000 would be added to these figures if the contracts now before the Commission are approved.

‡This assumes the cost of Broad Street subway to be \$110,000,000, interest ($4\frac{1}{4}\%$) and sinking fund charges (1%) amounting to \$5,775,000 annually, plus interest and sinking fund charges on \$13,421,354 Frankford L. bonds now amounting to \$902,746 annually.

2. A substantial reduction in present fares with the possibility of ultimately returning to the 5-cent base fare, if desired, by application of savings from condemnation estimated at \$4,500,000 a year, or the utilization of such savings in extensions and improvements.

3. *Company should* upon the terms hereinbefore indicated:—

Make all the proposed surface extensions as recommended by Public Service Commission;

Operate Frankford Elevated and Broad Street Subway, absorbing all operating losses;

Establish free transfers between City highspeed and Company surface system;

Pay \$5,000,000 cash into Special Fund from its surplus;

Surrender all future earnings over present dividend rate to said fund;

Submit itself to Local Control.

4. *Local Control* to be placed in Board of three, one appointed by City, one by Company, and the third by the Commission. It should:—

Hold sinking fund under 1907 Contract and build it up by investment and additions to current payments to accomplish purchase of P. R. T. in 1957;

Control Special Fund, making all appropriations therefrom;

Audit Company's accounts;

Investigate all suggestions and complaints;

Pass on all proposals for extensions of ser-

vice and reductions of fare, subject, when necessary, to approval of City Councils or your Commission.

The 1907 contract and the Hecht Bill (properly amended), should make all this legally possible. Honest co-operation by all interests should make it an actuality.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Helen M. B. Hurd". The signature is written in dark ink and features a prominent, sweeping underline that extends across the width of the name.

SCHEDULE NO. 1

PHILADELPHIA RAPID TRANSIT COMPANY
PRINCIPAL FRANCHISE GRANTS TO UNDERLYING COMPANIES INCORPORATED BY SPECIAL ACTS OF ASSEMBLY

<i>Company</i>	<i>Date of Incorporation</i>	<i>Principal Franchise Grants</i>
CITIZENS PASSENGER RAILWAY Co.....	3-25-58	Tenth and Eleventh Streets,
CONTINENTAL PASSENGER RAILWAY Co.....	9- 8-73	Eighteenth and Twentieth Streets,
EMPIRE PASSENGER RY. Co.....	2-10-69	Twelfth and Sixteenth Streets.
FRANKFORD & SOUTHWARK P. C. P. R. R. Co.....	4- 4-54	5th Street.
Formerly Phila. & Delaware River R. R. Co.....		6th Street.
Title changed April 9, 1858.		Berks Street.
		Front Street.
		Kensington Avenue.
		Rising Sun Avenue.
		Wyoming Avenue.
		BLANKET RIGHT.—North of York Street E. of 6th Street W. of Kensington Avenue.
Lombard & South St. Pass. Ry. Co.....	5-16-61	Front Street.
Merged with F. & S.—April 11, 1893.		Lombard Street.
		Passyunk Avenue.
		South Street to Spruce Street in W. Phila.
		streets as may be opened, using any North and South Streets to form a circuit.
West End Angola & Park Pass. Ry. Co. of Phila.	4-15-73	
Formerly West End Pass. Ry. Co. of Phila.....		
Merged with L. & S.—Sept. 1, 1882.		
GERMANTOWN PASSENGER RAILWAY Co.....	4-21-58	33rd Street.
		35th Street.
		36th Street.
		38th Street.
		40th Street.
		41st Street.
		Baltimore Avenue.
		Lancaster Avenue.
		Parkside Avenue.
		Powellton Avenue.
		4th Street.
		8th Street.
		Germantown Avenue.
		Norris Street.
		Susquehanna Avenue.
Fairmount Park & Delaware River Pass. Ry. Co.	3-26-59	Girard Avenue.
Formerly Richmond & Schuylkill River Pass.		With right to extend to Lancaster Avenue (Under this right
Ry. Co.....		tracks on Parkside Avenue from Girard Avenue were laid).
Merged with Gwn. Pass. Ry. Co.—2-15-66.		
GREEN & COATES PHILA. PASS. RY. Co.....	4-21-58	4th Street.
		8th Street.
		Fairmount Avenue.
		Groen Street.
		20th Street.
		33rd Street.
		34th Street.
		35th Street.
		36th Street.
		52nd Street.
		Belmont Avenue
HESTONVILLE, MANTUA & FAIRMOUNT PASS. R. R. Co...	4- 6-59	

4-13-58	2nd Street.	
	22nd Street.	
	23rd Street.	
	Callowhill Street.	
	Dock Street.	
	Race Street.	
	Vine Street.	
4-16-58	20th Street.	
	21st Street (Trucks temporarily removed at request of City and 23rd Street used in lieu thereof.)	
	Arch Street.	
	Callowhill Street.	
12-18-73	Lehigh Avenue.	
4-15-73	Callowhill Street.	
	Dock Street.	
	Front Street.	
	Chestnut Street.	
3-26-59	Walnut Street.	
	Main Street, Darby, Pa.	
4-28-57	Woodland Avenue.	
	BLANKET RIGHT.—To extend to any point in W. Phila. (Lancaster Avenue and Belmont Avenue extension made under this authority).	
4- 9-58	2nd Street.	
	3rd Street.	
	22nd Street.	
	23rd Street.	
	Dock Street.	
	Grays Ferry Road.	
	Pine Street.	
	Spruce Street.	
4-16-66	22nd Street.	
	23rd Street.	
	25th Street.	
	Callowhill Street.	
	South Street.	
	BLANKET RIGHTS.—To extend to Point Breeze; also to extend road using any streets W. of 23rd Street between Arch and Green and between Ludlow and Grays Ferry Road W. of 24th Street.	
3- 8-72	Same as the rights of the Ridge Avenue & Manayunk Pass. Ry. Co. and the Girard College Pass. Ry. Co.	
3-28-59	Ridge Avenue—from Girard College to Manayunk.	
4-15-58	9th Street.	
	10th Street.	
	Arch Street.	
	Ridge Avenue—Girard College to 9th Street.	
4-10-58	2nd Street.	
	3rd Street.	
	Beach Street.	
	Bridge Street.	
	Brown Street.	
	Delaware Avenue.	
	Frankford Avenue.	
	Front Street.	

Fairmount & Arch Street City Pass. Ry. Co.....
Merged with H. M. & F.—12-29-64.

LEHIGH AVENUE PASS. RY. CO.....
PEOPLES PASS. RY. CO.....

PHILA. CITY PASS. RY. CO.....

PHILA. & DARBY RY. CO.
Formerly Phila. & Darby R. R. Co.....

PHILA. & GRAYS FERRY PASS. RY. CO.....

Schuylkill River R. R. Co.
Formerly Schuylkill River Pass. Ry. Co.....
Merged with P. & G. F.—Jan. 20, 1903.

RIDGE AVENUE PASS. RY. CO.....

Ridge Avenue & Manayunk Pass. Ry. Co.....
Merged with Ridge Ave.—Mar. 8, 1872.

Girard College Pass. Ry. Co.....
Merged with Ridge Ave.—Mar. 8, 1872.

SECOND & THIRD ST. PASS. RY. CO.....

Frankford & Philadelphia Pass. Ry. Co.....
Merged with 2nd & 3rd—Nov. 18, 1867.

4-10-62

Girard Avenue.
Granite Street.
Laurel Street.
Milnor Street.
Richmond Street.
Thompson Street.

BLANKET RIGHTS.—To extend road on such streets E. of 3rd Street
as authorized by Councils.

Amber Street.

Berks Street.

Bridge Street.

Coral Street.

Frankford Avenue.

Front Street.

Huntingdon Street.

Orthodox Street.

Paul Street.

Sepviva Street.

Tacony Street.

Thompson Street.

Seventeenth and Nineteenth Streets.

13th Street.

15th Street.

Broad Street.

Columbia Avenue.

Jefferson Street.

Master Street.

Ridge Avenue.

Broad Street.

SEVENTEENTH & NINETEENTH STS. PASS. RY. CO.....
THIRTEENTH & FIFTEENTH STS. PASS. RY. CO.....

4-12-59
4-8-59

Navy Yard, Broad St. & Fairmount Ry. Co.....
Merged with 13th & 15th—July 5, 1865.
UNION PASSENGER RY. CO.....

5-16-61
4-8-64

7th Street.
9th Street.
29th Street.
Belgrade Street.
Cedar Street.
Christian Street.
Columbia Avenue.
Dauphin Street.
Edgemont Street.
Elisworth Street.
Federal Street.
Franklin Street.
Hancock Street.
Howard Street.
Jefferson Street.

Lehigh Avenue.
Market Street.
Master Street.
Memphis Street.
Morris Street.
Norris Street.
Poplar Street.
Somerset Street.
Spring Garden Street.
Susquehanna Avenue.
Tasker Street.
Thompson Street.
Wallace Street.
Wharton Street.
York Street.

BLANKET RIGHT.—To extend lines on other street or streets S. of
Christian, W. of 20th St. N. of Columbia Ave.
and E. of 3rd as Councils may direct.

5-14-57

33rd Street.
40th Street.
41st Street.
42nd Street.
45th Street.
49th Street.
52nd Street.
54th Street.
58th Street.
60th Street.
63rd Street.

Baring Street.
Chester Avenue.
Eastwick Avenue.
Elmwood Avenue.
Fairmount Avenue.
Haverford Avenue.
Island Road.
Market Street.
Parkside Avenue.
Spruce Street.
Vine Street.

WEST PHILADELPHIA PASS. RY. CO.....

SCHEDULE NO. 2

PHILADELPHIA RAPID TRANSIT COMPANY

SECURITIES ISSUED UNDER 1907 CONTRACT, 1907 to 1926

NAME OF ISSUE	Date of Issue	Par of Issue	Commission	Discount	Expense	Total	Net Proceeds	ANNUAL INTEREST	
								Rate	Amount
P. R. T. Co. Collateral Bonds due 1957.....	12-15-08	\$5,000,000	\$118,500	.....	\$3,750.00	\$122,250.00	\$4,877,750.00	5%	\$250,000
P. R. T. Equipment Series "A".....	7-1-1910	1,500,000	30,000	.....	.....	30,000.00	1,470,000.00	5%	75,000
P. R. T. Equipment Series "B".....	3-1-1913	4,200,000	84,000	\$42,735.36	500.00	127,235.36	4,072,764.64	5%	210,000
P. R. T. Equipment Trust Series "C".....	5-1-1913	1,944,000	38,880	43,683.28	.....	82,563.28	1,861,436.72	5%	97,200
P. R. T. Equipment Trust Series "D".....	3-1-19	88,000	1,760	.....	532.00	2,232.00	85,708.00	6%	5,280
P. R. T. Equipment Trust Series "E".....	10-15-19	288,000	5,760	.....	684.00	6,444.00	281,556.00	6%	17,280
P. R. T. Equipment Trust Series "F".....	8-15-22	3,000,000	109,375	.....	7,747.13	117,122.13	2,882,877.87	6%	180,000
P. R. T. Equipment Trust Series "G".....	2-1-23	4,750,000	154,375	.....	11,700.20	166,075.20	4,583,924.80	5 1/2%	261,250
P. R. T. Equipment Trust Series "H".....	12-15-24	2,700,000	104,625	.....	8,357.61	112,982.61	2,587,017.39	5 1/2%	148,500
P. R. T. Equipment Trust Series "J".....	2-15-26	1,700,000	68,000	.....	6,557.44	74,557.44	1,625,442.56	5%	85,000
Market St. Elev. Equip. Trust Series "A".....	1-1-11	325,000	8,125	.....	.....	8,125.00	316,875.00	5%	16,250
Real Estate Mortgage Various Properties Pa. Co. 1-1-12	4-15-15	475,000	.....	.....	3,381.50	.....	475,000.00	6%	28,500
Real Estate Mortgage Luzerne and Callowhill.....	Oct. 1916	1,300,000	.....	.....	150.00	3,150.00	1,296,618.50	6%	78,000
Real Estate Mortgage Pa. Co.	Jan. 1916	300,000	3,000	.....	249.00	296,850.00	296,850.00	6%	18,000
Real Estate Mortgage Del. Ave. properties.....	8-18-24	225,000	.....	.....	342.50	249.00	224,751.00	6%	13,500
Real Estate Mortgage 10th & Luzerne.....	1-1-24	100,000	3,000	.....	20,972.88	3,342.50	96,657.50	6%	6,000
P. R. T. Co. Real Estate 1st Mfg. Gold Bonds..	11-26-23	3,500,000	152,750	.....	482.00	173,722.88	3,326,277.12	6%	210,000
Real Estate Mortgage 26th & Allegheny.....	3-1-12	150,000	1,500	.....	.....	1,982.00	148,018.00	6%	9,000
P. R. T. Co. 50 yr. Gold Bonds due 1962.....	5-31-26	10,000,000	426,310	187,230.00	26,847.99	640,387.99	9,359,612.01	5 & 6%	589,750
Real Estate Mortgage 5th St. & Chelton Ave....		82,000	820	.....	.....	820.00	81,180.00	6%	4,920
P. R. T. Preferred Stock.....		\$41,627,000	\$1,310,780	\$273,648.64	\$92,254.25	\$1,676,682.89	\$39,950,317.11	5.53%	\$2,303,430
		13,982,600	.....	.....	385,195.88	365,195.88	13,597,404.12	7%	978,782
P. R. T. Common Stock.....		\$55,609,600	\$1,310,780	\$273,648.64	\$477,450.13	\$2,061,878.77	\$53,547,721.23	5.90%	\$3,282,212
		9,114,095	.....	.....	.....	.....	9,114,095.00	8%	529,128
		\$64,723,695	\$1,310,780	\$273,648.64	\$477,450.13	\$2,061,878.77	\$62,601,816.23	6.20%	\$4,011,340

SCHEDULE NO. 3

PHILADELPHIA RAPID TRANSIT SYSTEM

CAPITAL STOCK OF UNDERLYING COMPANIES EXCLUDING INTER-COMPANY OWNED

Company	Authorized Capital Stock		Paid in Capital Stock		Annual Rental		Total Rental and Organization Expense		
	Shares Par \$50	Amount	Per Share	Amount	Amount	% on Paid In	Organ-ization Exp., Etc.	Amount	% on Paid In
PHILADELPHIA TRACTION GROUP									
Continental Pass. Ry. Co.	20,000	\$1,000,000	\$29.00	\$580,000	\$120,000	20.7%	\$50	\$120,050	20.7%
Philadelphia City Pass. Ry. Co.	20,000	1,000,000	23.75	475,000	150,000	31.6	2,600	152,600	32.1
Philadelphia & Darby Ry. Co.	4,000	200,000	50.00	200,000	8,000	4.0	60	8,060	4.0
Philadelphia & Grays Ferry Pass. Ry. Co.	12,388	619,400	25.04	310,157	49,552	16.0	1,050	50,602	16.3
Ridge Avenue Passenger Ry. Co.	15,000	750,000	28.00	420,000	180,000	42.9	2,000	182,000	43.3
13th & 15th Streets Pass. Ry. Co.	20,000	1,000,000	16.73	334,529	240,000	71.7	1,250	241,250	72.1
Union Passenger Ry. Co.	30,000	1,500,000	30.83	925,000	285,000	30.8	1,000	286,000	30.9
West Philadelphia Passenger Ry. Co.	15,000	750,000	50.00	750,000	150,000	20.0	1,124	151,124	20.2
Total Phila. Traction Underliers	.....	6,819,400	.....	3,994,686	1,182,552	29.6	9,134	1,191,686	29.8
Less Inter Company Owned	.....	746,750	.....	622,086	139,827	22.5	.....	139,827	22.5
Phila. Traction Underliers Outstanding	.....	6,072,650	.....	3,372,600	1,042,725	30.9	9,134	1,051,859	31.1
Philadelphia Traction Company	400,000	20,000,000	50.00	20,000,000	1,600,000	8.0	9,050	1,609,050	8.0
Total Phila. Traction Group, Outstanding	.....	26,072,650	.....	23,372,600	2,642,725	11.3	18,184	2,660,909	11.4

PEOPLE'S TRACTION GROUP

People's Passenger Rwy. Co. Common.	**60,000	1,500,000	12.33	740,098	.....	25.1	.....	.....	25.4
Preferred.	23,000	575,000	8.00	184,000	232,400	27.6	2,171	234,571	28.0
Germentown Passenger Ry. Co.	30,000	1,500,000	19.10	570,000	157,500	40.0	2,350	159,850	40.7
Green & Coates Streets Pass. Ry. Co.	10,000	500,000	15.00	150,000	60,000	.....	1,000	61,000	.....
Total People's Underliers	.....	4,075,000	.....	1,644,098	449,900	27.4	5,521	455,421	27.7
Less Inter. Co. Owned.	.....	288,950	.....	142,579	35,200	25.1	.....	35,200	25.1
People's Traction Underliers Outstanding.	.....	3,786,050	.....	1,501,519	414,700	27.4	5,521	420,221	27.7
Peoples Traction Company	*200,000	6,000,000	30.00	6,000,000	608,000	10.1	850	608,850	10.1
Total Peoples Traction Group, Outstanding.	.....	10,360,000	.....	8,188,117	1,092,700	13.6	6,371	1,099,071	13.7

Citizens' Trust & Sav. Co.	10,000	500,000	19,453	12,200	149,000	12.1	2,000	142,000	13.8
2nd & 3rd Street Passenger Ry. Co.	21,204	1,060,200	36.36	771,076	254,448	32.9	2,250	256,698	32.2
Total Electric Underliers	.....	3,435,200	.....	2,838,576	1,069,448	37.7	6,810	1,076,258	37.9
Less Inter. Co. Owned	.....	1,500	.....	1,500	540	36.0	....	540	36.0
Electric Traction Underliers Outstanding	.....	3,433,700	.....	2,837,076	1,068,908	37.7	6,810	1,075,718	37.9
Electric Traction Company	175,000	8,750,000	x50.00	8,297,920	581,438	7.0	1,500	582,938	7.0
Total Electric Traction Group Outstanding	.....	12,183,700	.....	11,134,996	1,650,346	14.8	8,310	1,658,656	14.9
UNION TRACTION GROUP									
Fmt. Park & Hadd. Passenger Ry. Co.	6,000	300,000	50.00	300,000	18,000	6.0	525	18,525	6.2
Hest., Mantua & Fmt. Pass. Ry. Co. Common	39,322	1,966,100	7.61	299,381	78,644	26.3	125	78,769	26.3
Preferred	10,678	533,900	50.00	533,900	32,034	6.0	125	32,159	6.0
Total Union Traction Underliers	.....	2,800,000	.....	1,133,281	128,678	11.35	775	129,453	11.42
Less Inter. Co. Owned	.....	2,004,800	.....	508,831	84,994	16.7	....	84,994	16.7
Union Traction Underliers Outstanding	.....	795,200	.....	624,450	43,684	7.0	775	44,459	7.1
Union Traction Co.	600,000	30,000,000	17.50	10,500,000	1,800,000	17.1	13,750	1,813,750	17.3
Total Union Traction Group Outstanding	.....	30,795,000	.....	11,124,450	1,843,684	16.6	14,525	1,858,209	16.7
GRAND TOTAL	.....	\$78,837,600	.....	\$53,133,565	\$7,159,455	13.5	\$47,390	\$7,206,845	13.6

NOTE:—P. R. T. operates Chester and Philadelphia Ry. Co. under 30 year operating agreement dated 1911—P. R. T. owns 51% of C. & P. Stock—4947 shares par and paid in value \$247,350 out of a total of 9700 shares \$485,000—Dividends on C. & P. Stock since 1911 averaged 8.47% per year—Paid in 1926 8.25%.

P. R. T. leased Darby, Media & Chester St. Ry. Co. in 1906—Par and Paid in \$850,000; Rental 5% or \$42,500 per annum; No stock inter-company owned.

** \$25.00 par.

* \$30.00 par.

x 22,604 shares paid in \$30.

SCHEDULE NO. 4

PHILADELPHIA RAPID TRANSIT SYSTEM

SECURITIES ISSUED SINCE JULY, 1902, AND OUTSTANDING ON DECEMBER 31, 1926.

COMPANY	Originally Issued	Outstanding Dec. 31, 1926	ANNUAL RETURN	
			Rate	Amount
Darby & Yeaddon St. Ry. Co. 1st Mortgage.....	\$200,000	\$200,000	4½ %	\$9,000
Market St. Elev. Pass. Ry. Co. 1st Mortgage.....	10,000,000	10,000,000	4 %	400,000
Phila. & Willow Grove St. Ry. Co. 1st Mortgage.....	1,000,000	1,000,000	4½ %	45,000
P. R. T. Common Stock.....	20,882,140	20,882,140	8 %	1,670,571
Total, 1902-1907.....	\$32,082,140	\$32,082,140	6.62 %	\$2,124,571
P. R. T. Company Collateral Gold Bond 1957.....	\$5,000,000	\$4,108,000	5 %	\$205,400
P. R. T. Equipment Series "A".....	1,500,000	.....	.....	.....
P. R. T. Equipment Series "B".....	4,200,000	.....	.....	.....
P. R. T. Equipment Series "C".....	1,944,000	.....	.....	.....
P. R. T. Equipment Series "D".....	88,000	27,000	6 %	1,620
P. R. T. Equipment Series "E".....	288,000	87,000	6 %	5,200
P. R. T. Equipment Series "F".....	3,000,000	1,800,000	6 %	108,000
P. R. T. Equipment Series "G".....	4,750,000	3,325,000	5½ %	182,875
P. R. T. Equipment Series "H".....	2,700,000	2,160,000	5½ %	118,800
P. R. T. Equipment Series "J".....	1,700,000	1,700,000	5 %	85,000
Market St. Elev. Equip. Series "A".....	325,000	.....	.....	.....
Real Estate Mortgages.....	475,000	275,500	6 %	16,590
Real Estate Mortgages.....	1,300,000	.....	.....	.....
Real Estate Mortgages.....	300,000	.....	.....	.....
Real Estate Mortgage.....	225,000	.....	.....	.....
P. R. T. Company Real Estate Bonds.....	100,000	100,000	6 %	6,000
Real Estate Mortgage.....	3,500,000	3,317,500	6 %	199,050
P. R. T. 50 yr. Gold Bonds 5% 1962.....	150,000	150,000	6 %	9,000
P. R. T. 50 yr. Gold Bonds 6% 1962.....	1,025,000	576,000	5 %	28,800
Real Estate Mortgage.....	8,975,000	8,933,000	6 %	535,980
P. R. T. Company Preferred Stock.....	82,000	82,000	6 %	4,820
P. R. T. Company Preferred Stock.....	13,982,600	13,982,600	7 %	988,782
P. R. T. Common Stock.....	9,114,095	9,114,095	8 %	729,128
Total, 1907-1926.....	\$64,723,695	\$49,738,695	6.48 %	\$3,225,065
Total, 1902-1926.....	\$96,805,835	\$81,820,835	6.54 %	\$5,349,636

SCHEDULE NO. 5**OPERATING RATIOS**

LATEST FISCAL YEAR AVAILABLE

<i>City</i>	<i>Railway Operating Revenue</i>	<i>Operating Expenses Inc. Depreciation</i>	<i>Operating Ratio</i>
Boston	\$34,432,298	\$24,405,736	70.88
Chicago	58,611,527	43,719,059	74.59
Pittsburgh	21,813,695	16,847,834	77.24
Detroit	22,971,555	17,088,753	74.39
Cleveland	17,214,528	14,716,526	85.49
St. Louis	18,894,575	14,684,077	77.72

SCHEDULE NO. 6

PHILADELPHIA RAPID TRANSIT COMPANY

ACCUMULATED DIVIDENDS ON COMMON STOCK JANUARY 1, 1907, TO DECEMBER 31, 1926.

			Dividends Paid by Years Ended December 31st		Unpaid Return	
Year	Paid In	Interest at 6% from Date Paid In	Per Share	Amount	Per Share	Amount
Ended June 30, 1907..	\$20,882,140	\$567,408	.....	.....	\$1.50	\$567,408
Ended June 30, 1908..	25,448,152	1,469,993	.....	.....	3.00	1,469,993
" 1909..	29,974,675	1,742,754	.....	.....	3.00	1,742,754
" 1910..	29,974,675	1,798,480	.....	.....	3.00	1,798,480
" 1911..	29,977,120	1,798,554	.....	.....	3.00	1,798,554
" 1912..	29,977,120	1,798,627	.....	.....	3.00	1,798,627
" 1913..	29,978,875	1,798,641	.....	.....	3.00	1,798,641
" 1914..	29,978,875	1,798,732	.....	.....	3.00	1,798,732
" 1915..	29,978,875	1,798,732	.....	.....	3.00	1,798,732
" 1916..	29,987,875	1,798,732	\$1.00	\$599,011*	2.00	1,199,721
" 1917..	29,991,585	1,799,158	2.50	1,499,277	.50	299,881
" 1918..	29,991,660	1,799,498	2.50	1,499,290	.50	300,208
Ended Dec. 31, 1918..	29,991,600	899,750	.....	.....	1.50	899,750
Ended Dec. 31, 1919..	29,991,660	1,799,500	2.50	1,499,290	.50	300,210
" 1920..	29,991,660	1,799,500	1.25	749,645	1.75	1,049,855
" 1921..	29,991,660	1,799,500	.....	.....	3.00	1,799,500
" 1922..	29,991,660	1,799,500	3.00	1,799,148	...	352
" 1923..	29,991,660	1,799,500	3.00	1,799,148	...	352
" 1924..	29,996,110	1,799,767	3.00	1,799,575	...	192
" 1925..	29,996,235	1,799,774	4.00	2,399,639	1.00	599,865
" 1926..	29,996,235	1,799,774	4.00	2,399,644	1.00	599,870
		\$35,265,874	\$26.75	\$16,043,667	\$33.25	\$19,222,207
ge—19½ Years		\$29,286,105		\$822,752	2.81%	

SCHEDULE NO. 7

PHILADELPHIA RAPID TRANSIT SYSTEM

UNDERLYING BONDS—COLLATERAL TRUST BONDS OUTSTANDING DECEMBER 31, 1926

Company	Bond	Date Due	Par Outstanding	Rate	Present Annual Return Amount
PHILADELPHIA TRACTION GROUP:					
Continental Pass Ry. Co.	First Mortgage.	1959	\$280,000	4%	\$11,200
Phila. City Pass. Ry. Co.	First Mortgage.	1960	200,000	4%	8,000
	Debenture.	1945	100,000	5%	5,000
Phila. & Darby Railway Co.	First Mortgage.	1927	100,000	4%	4,000
13th & 15th Sts. Pass. Ry. Co.	First Mortgage.	1934	36,000	3½%	1,260
	First Mortgage.	1934	400,000	5%	20,000
Union Passenger Ry. Co.	Second Mortgage.	1960	250,000	4%	10,000
	First Mortgage.	1961	500,000	4%	20,000
West Phila. Passenger Ry. Co.	First Mortgage.	1956	246,000	3½%	8,610
	Second Mortgage.	1956	750,000	5½%	41,250
Catharine & Bainbridge Sts. Ry. Co.	First Mortgage.	1930	150,000	6%	9,000
17th & 19th Sts. Pass. Ry. Co.	First Mortgage.	1929	100,000	5½%	5,500
Empire Pass. Ry. Co.	First Mortgage.	1930	200,000	3½%	7,000
TOTAL PHILA. TRACTION GROUP.		....	3,312,000	.....	150,820
PEOPLES TRACTION GROUP:					
Peoples Passenger Ry. Co.	First Mortgage.	1935	219,000	4%	8,760
	Second Mortgage.	1961	285,000	4%	11,400
	Consolidated Mortgage.	1962	246,000	4%	9,840
TOTAL PEOPLES TRACTION GROUP.		....	750,000	.....	30,000
ELECTRIC TRACTION GROUP:					
Frankford & Southwark Phila. City Pass.	First Mortgage.	1935	132,100	4%	5,284
(West End)	First Mortgage.	1951	150,000	3½%	5,250
L. & S.		....	282,100	.....	10,534

Market St. Elev. Pass. Ry. Co.	1934	1,247,500	5½%	68,612
Phila. & Willow Grove Pass. Ry. Co.	1955	10,000,000	4%	400,000
	1934	1,000,000	4½%	45,000
TOTAL UNION TRACTION UNDERLIERS .....	.....	12,247,500	.....	513,612
UNION TRACTION	1952	1,056,000	4%	42,250
TOTAL UNION TRACTION GROUP .....	.....	13,303,500	.....	555,862
MISCELLANEOUS GROUP:				
Darby & Yeadon Pass. Ry. Co.	1934	200,000	4½%	9,000
Doylstown & Willow Grove Ry. Co.	1930	500,000	4%	20,000
Darby, Media & Chester St. Ry. Co.	1936	991,000	4½%	44,595
Total Miscellaneous Group .....	.....	1,691,000	.....	73,595
Miscellaneous Real Estate	Various	599,033	Various	29,899
TOTAL UNDERLYING COMPANIES .....	.....	19,937,633	.....	750,710
PHILADELPHIA RAPID TRANSIT COMPANY	1957	4,108,000	5%	205,400
	1962	576,000	5%	28,800
	1962	8,933,000	6%	535,980
TOTAL PHILA. RAPID TRANSIT Co. ....	.....	13,617,000	.....	770,180
GRAND TOTAL .....	.....	\$33,554,633	.....	\$1,620,890

NOTE.—Phila. & Willow Grove Sinking Fund Balance at December 31, 1926, \$381,356.92.

PHILADELPHIA RAPID TRANSIT SYSTEM

Market prices of stock of underlying Companies, not
inter-company owned 1896 to 1926 inclusive.

SCHEDULE NO. 8

CHESTER AND PHILADELPHIA RAILWAY

<i>Year</i>	COMPANY		
	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1911.....	No sales	.....	.....
1912.....	No sales	.....	.....
1913.....	No sales	.....	.....
1914.....	No sales	.....	.....
1915.....	No sales	.....	.....
1916.....	No sales	.....	.....
1917.....	No sales	.....	.....
1918.....	No sales	.....	.....
1919.....	No sales	.....	.....
1920.....	No sales	.....	.....
1921.....	No sales	.....	.....
1922.....	\$30.25	\$30.25	\$30.25
1923.....	40.00	40.00	40.00
1924.....	40.00	40.00	40.00
1925.....	41.00	41.00	41.00
1926.....	41.00	41.00	41.00

CITIZENS PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$276.25	.....	\$274.50
1897.....	300.00	.....	284.00
1898.....	325.00	.....	305.00
1899.....	350.00	.....	330.00
1900.....	370.00	.....	363.00
1901.....	370.00	.....	365.00
1902.....	360.00	.....	360.00
1903.....	361.00	.....	340.50
1904.....	350.00	.....	347.50
1905.....	360.25	.....	355.00
1906.....	354.25	.....	353.50
1907.....	335.00	.....	334.25
1908.....	310.00	.....	307.50
1909.....	312.00	.....	312.00
1910.....	310.00	.....	307.50
1911.....	298.00	.....	290.25
1912.....	298.00	.....	292.75
1913.....	283.00	.....	281.75
1914.....	283.50	.....	279.25
1915.....	280.00	.....	268.71
1916.....	277.00	.....	275.40
1917.....	273.00	\$273.00	273.00
1918.....	No sales	.....	.....
1919.....	225.25	222.00	223.07
1920.....	No sales	.....	.....
1921.....	188.50	166.00	177.09
1922.....	222.75	193.25	210.97
1923.....	227.00	202.00	219.71
1924.....	205.00	200.00	201.58
1925.....	206.00	193.00	201.46
1926.....	200.25	198.00	198.82

CONTINENTAL PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$135.00	.....	\$129.50
1897.....	140.00	.....	137.44
1898.....	145.00	.....	141.50
1899.....	157.75	.....	152.75
1900.....	157.00	.....	154.51
1901.....	162.50	.....	155.61
1902.....	156.00	.....	154.36
1903.....	167.00	.....	159.97
1904.....	155.00	.....	150.56
1905.....	154.75	.....	152.83
1906.....	156.00	.....	153.25
1907.....	148.00	.....	144.375
1908.....	132.00	.....	129.33
1909.....	138.00	.....	135.66
1910.....	137.25	.....	128.28
1911.....	129.00	.....	125.6233
1912.....	127.00	.....	124.35
1913.....	123.50	.....	121.70
1914.....	120.25	.....	120.00
1915.....	119.00	.....	117.02
1916.....	121.00	.....	120.1846
1917.....	121.75	\$114.25	115.222
1918.....	No sales	.....	.....
1919.....	100.00	90.00	94.952
1920.....	74.00	70.00	72.00
1921.....	70.00	60.00	65.00
1922.....	83.00	77.25	80.465
1923.....	80.125	77.50	79.55
1924.....	76.25	76.25	76.25
1925.....	79.25	70.00	74.7222
1926.....	75.00	71.50	72.9166

DARBY, MEDIA AND CHESTER STREET RAILWAY
COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1907.....	No sales	.....	.....
1908.....	No sales	.....	.....
1909.....	No sales	.....	.....
1910.....	No sales	.....	.....
1911.....	No sales	.....	.....
1912.....	No sales	.....	.....
1913.....	\$48.00	\$48.00	\$48.00
1914.....	No sales	.....	.....
1915.....	No sales	.....	.....
1916.....	No sales	.....	.....
1917.....	No sales	.....	.....
1918.....	No sales	.....	.....
1919.....	No sales	.....	.....
1920.....	No sales	.....	.....
1921.....	No sales	.....	.....
1922.....	30.525	30.525	30.525
1923.....	No sales	.....	.....
1924.....	No sales	.....	.....
1925.....	30.00	30.00	30.00
1926.....	No sales	.....	.....

ELECTRIC TRACTION AND PEOPLES TRACTION

4% STOCK TRUST CERTIFICATES

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$75.75	\$61.50	\$70.3698
1897.....	78.50	68.50	72.2291
1898.....	97.50	77.50	87.5156
1899.....	103.00	95.75	99.3229
1900.....	102.00	98.00	99.9375
1901.....	103.00	90.50	98.1666
1902.....	101.00	97.00	99.0625
1903.....	101.00	96.00	99.25
1904.....	102.25	97.00	100.0469
1905.....	104.00	100.00	101.6458
1906.....	103.50	97.50	100.3437
1907.....	100.25	83.875	93.8125
1908.....	95.00	85.25	92.0208
1909.....	96.00	89.00	92.9010
1910.....	94.25	85.00	89.7656
1911.....	91.00	85.00	88.3229
1912.....	90.00	84.00	87.0833
1913.....	87.00	81.00	84.2969
1914.....	85.50	78.00	81.4271
1915.....	83.00	76.50	80.8403
1916.....	86.00	76.00	81.3074
1917.....	86.00	70.00	78.8229
1918.....	82.00	65.00	71.3958
1919.....	75.00	59.00	67.7031
1920.....	66.00	49.875	56.9219
1921.....	63.50	50.00	55.6146
1922.....	74.00	62.00	67.4375
1923.....	71.50	60.00	64.7344
1924.....	66.00	59.00	63.5312
1925.....	65.00	57.00	61.3906
1926.....	64.875	55.00	60.0469

FAIRMOUNT PARK AND HADDINGTON PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$60.00	.....	\$57.76
1897.....	62.50	.....	61.00
1898.....	66.50	.....	65.00
1899.....	75.00	.....	74.00
1900.....	74.00	.....	73.00
1901.....	71.00	.....	71.00
1902.....	73.75	.....	73.00
1903.....	75.00	.....	75.00
1904.....	73.00	.....	71.50
1905.....	75.25	.....	74.25
1906.....	75.50	.....	75.00
1907.....	70.00	.....	70.00
1908.....	.....	.....	65.50
1909.....	68.25	.....	66.625
1910.....	68.00	.....	64.875
1911.....	61.00	.....	60.25
1912.....	61.50	.....	60.875
1913.....	60.375	.....	60.125
1914.....	60.00	.....	60.00
1915.....	60.00	.....	60.00
1916.....	60.00	.....	59.625
1917.....	58.625	\$58.50	58.50
1918.....	45.00	45.00	45.00
1919.....	45.00	45.00	45.00
1920.....	40.50	40.50	40.50
1921.....	41.00	40.125	40.56
1922.....	42.00	42.00	42.00
1923.....	40.00	35.00	36.44
1924.....	38.125	38.125	38.125
1925.....	40.00	40.00	40.00
1926.....	42.00	39.75	41.35

FRANKFORD AND SOUTHWARK PHILA. CITY
PASS. R. R. COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$345.00	.....	\$324.37
1897.....	362.00	.....	362.00
1898.....	Return not on file.		
1899.....	455.00	.....	447.17
1900.....	450.00	.....	450.28
1901.....	470.00	.....	462.04
1902.....	465.00	.....	460.89
1903.....	458.25	.....	451.44
1904.....	440.50	.....	434.91
1905.....	456.00	.....	452.50
1906.....	455.50	.....	445.95
1907.....	423.00	.....	413.36
1908.....	390.00	.....	381.26
1909.....	400.125	.....	389.90
1910.....	400.00	.....	383.55
1911.....	387.00	.....	374.42
1912.....	380.00	.....	374.30
1913.....	365.00	.....	361.42
1914.....	364.00	.....	360.625
1915.....	350.00	.....	345.00
1916.....	361.00	.....	354.00
1917.....	361.00	\$344.00	352.50
1918.....	315.00	284.00	300.00
1919.....	280.00	280.00	280.00
1920.....	280.00	200.00	213.50
1921.....	208.00	207.00	207.50
1922.....	290.00	250.25	276.00
1923.....	280.00	200.00	240.00
1924.....	241.00	226.00	233.00
1925.....	255.25	240.00	247.00
1926.....	255.25	245.00	250.13

GERMANTOWN PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$128.00	.....	\$120.91
1897.....	131.50	.....	129.73
1898.....	137.40	.....	135.27
1899.....	155.00	.....	147.00
1900.....	150.25	.....	148.78
1901.....	150.00	.....	148.50
1902.....	148.50	.....	146.95
1903.....	145.50	.....	143.50
1904.....	142.00	.....	136.00
1905.....	145.75	.....	140.625
1906.....	142.75	.....	139.00
1907.....	.....	.....	128.00
1908.....	130.00	.....	122.75
1909.....	123.25	.....	121.00
1910.....	121.00	.....	119.50
1911.....	122.50	.....	117.75
1912.....	115.75	.....	112.41
1913.....	114.125	.....	109.31
1914.....	107.50	.....	106.625
1915.....	103.125	.....	102.00
1916.....	107.00	.....	104.00
1917.....	104.00	\$100.00	102.00
1918.....	100.00	90.00	95.00
1919.....	89.00	89.00	89.00
1920.....	89.00	70.00	80.00
1921.....	65.00	65.00	65.00
1922.....	85.25	76.00	82.00
1923.....	83.25	69.00	76.00
1924.....	75.00	72.00	73.00
1925.....	75.875	71.375	72.88
1926.....	76.25	72.00	74.13

GREEN AND COATES STREETS PHILA. PASS. RY.
COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$133.00	.....	\$132.83
1897.....	134.50	.....	132.65
1898.....	No sales	.....	.....
1899.....	155.50	.....	154.00
1900.....	155.25	.....	155.25
1901.....	160.00	.....	158.00
1902.....	160.00	.....	156.00
1903.....	162.00	.....	158.91
1904.....	160.25	.....	155.77
1905.....	160.00	.....	159.30
1906.....	160.00	.....	157.53
1907.....	155.50	.....	150.97
1908.....	149.00	.....	135.28
1909.....	138.25	.....	136.62
1910.....	133.00	.....	128.35
1911.....	123.30	.....	122.39
1912.....	127.50	.....	123.22
1913.....	124.00	.....	121.27
1914.....	120.50	.....	119.94
1915.....	120.00	.....	115.67
1916.....	120.25	.....	117.60
1917.....	118.00	\$118.00	118.00
1918.....	118.00	118.00	118.00
1919.....	100.00	87.25	89.19
1920.....	100.00	87.25	89.19
1921.....	65.00	65.00	65.00
1922.....	75.00	68.75	71.29
1923.....	75.50	75.00	75.40
1924.....	71.25	71.125	71.1875
1925.....	79.50	65.25	68.86
1926.....	68.50	66.75	67.68

HESTONVILLE, MANTUA & FAIRMOUNT PASS. R. R. COMPANY

PREFERRED STOCK

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$63.50	.....	\$59.91
1897.....	62.00	.....	61.00
1898.....	66.625	.....	56.91
1899.....	76.25	.....	75.00
1900.....	76.00	.....	74.00
1901.....	74.00	.....	73.50
1902.....	74.70	.....	74.70
1903.....	73.00	.....	72.74
1904.....	72.50	.....	71.54
1905.....	75.00	.....	74.50
1906.....	75.25	.....	75.125
1907.....	No sales	.....	.....
1908.....	No sales	.....	.....
1909.....	No sales	.....	.....
1910.....	No sales	.....	.....
1911.....	No sales	.....	.....
1912.....	No sales	.....	.....
1913.....	65.00	.....	60.5333
1914.....	61.50	.....	61.50
1915.....	60.00	.....	60.00
1916.....	60.00	.....	60.00
1917.....	60.00	\$58.00	59.00
1918.....	No sales	.....	.....
1919.....	51.125	51.00	51.0139
1920.....	45.00	45.00	45.00
1921.....	40.00	40.00	40.00
1922.....	45.00	40.00	42.50
1923.....	45.00	38.50	39.71
1924.....	40.00	40.00	40.00
1925.....	40.00	36.00	37.26
1926.....	40.25	39.00	39.8352

HESTONVILLE, MANTUA & FAIRMOUNT PASS. R. R. COMPANY

COMMON STOCK

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$56.00	.....	\$49.68
1897.....	52.00	.....	50.00
1898.....	50.00	.....	45.53
1899.....	50.00	.....	44.66
1900.....	49.00	.....	48.50
1901.....	48.00	.....	47.50
1902.....	48.475	.....	48.475
1903.....	48.00	.....	48.00
1904.....	49.00	.....	47.48
1905.....	No sales	.....	.....
1906.....	47.50	.....	47.50
1907.....	No sales	.....	.....
1908.....	No sales	.....	.....
1909.....	No sales	.....	.....
1910.....	No sales	.....	.....
1911.....	No sales	.....	.....
1912.....	No sales	.....	.....
1913.....	.....	.....	40.00
1914.....	41.00	.....	41.00
1915.....	39.25	.....	39.25
1916.....	43.25	.....	43.25
1917.....	No sales	.....	.....
1918.....	32.50	\$32.50	32.50
1919.....	No sales	.....	.....
1920.....	30.00	30.00	30.00
1921.....	25.125	25.00	25.0625
1922.....	30.125	29.00	29.56
1923.....	29.00	20.00	21.97
1924.....	27.00	25.25	25.98
1925.....	27.50	22.25	24.50
1926.....	27.00	26.00	26.3863

PEOPLES PASSENGER RAILWAY

4% STOCK TRUST CERTIFICATES

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$96.00	\$90.50	\$93.0469
1897.....	102.25	94.25	98.2031
1898.....	108.50	100.00	103.5573
1899.....	110.00	106.75	109.1829
1900.....	108.625	106.25	107.6562
1901.....	109.00	105.00	107.0625
1902.....	107.50	104.00	105.8864
1903.....	106.25	101.00	103.177
1904.....	105.00	102.00	103.375
1905.....	105.00	102.50	103.8011
1906.....	104.50	101.00	102.2784
1907.....	101.50	92.00	97.325
1908.....	99.00	94.00	96.125
1909.....	98.00	96.75	97.4034
1910.....	96.75	92.00	93.8036
1911.....	93.375	92.00	92.7614
1912.....	93.00	90.00	91.7343
1913.....	91.25	83.75	87.2125
1914.....	87.00	80.50	84.2916
1915.....	83.00	73.00	78.7135
1916.....	85.00	82.00	83.2954
1917.....	90.00	72.00	83.3125
1918.....	78.00	70.00	73.75
1919.....	80.00	69.00	74.875
1920.....	72.00	53.00	61.125
1921.....	63.50	56.00	58.3333
1922.....	75.00	64.00	70.8888
1923.....	73.00	65.00	68.8645
1924.....	72.00	67.00	69.7604
1925.....	70.00	59.25	64.284
1926.....	68.50	61.25	63.9943

PHILADELPHIA CITY PASSENGER RAILWAY
COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$176.00	.....	\$170.00
1897.....	180.25	.....	175.54
1898.....	200.00	.....	186.9375
1899.....	210.25	.....	206.27
1900.....	211.00	.....	207.375
1901.....	220.25	.....	210.78
1902.....	211.75	.....	208.57
1903.....	212.00	.....	208.25
1904.....	202.00	.....	200.32
1905.....	204.25	.....	200.82
1906.....	200.00	.....	196.90
1907.....	190.00	.....	183.22
1908.....	175.00	.....	167.25
1909.....	190.00	.....	179.00
1910.....	.....	.....	174.00
1911.....	162.00	.....	156.18
1912.....	159.50	.....	156.79
1913.....	156.50	.....	153.75
1914.....	155.00	.....	151.7963
1915.....	151.25	.....	147.7716
1916.....	154.00	.....	150.2127
1917.....	155.25	\$150.00	153.39
1918.....	115.00	115.00	115.00
1919.....	126.50	115.00	118.0755
1920.....	106.00	100.00	104.12
1921.....	104.75	90.50	99.207
1922.....	118.25	104.50	114.636
1923.....	115.50	100.50	106.25
1924.....	107.00	104.125	105.2216
1925.....	110.00	103.00	107.288
1926.....	107.00	106.00	106.265

PHILADELPHIA AND DARBY RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$40.00	.....	\$37.50
1897.....	40.125	.....	40.0625
1898.....	45.00	.....	44.25
1899.....	No sales	.....	.....
1900.....	43.25	.....	42.625
1901.....	No sales	.....	.....
1902.....	48.00	.....	46.6666
1903.....	46.00	.....	46.00
1904.....	45.00	.....	45.00
1905.....	50.00	.....	48.00
1906.....	No sales	.....	.....
1907.....	No sales	.....	.....
1908.....	No sales	.....	.....
1909.....	41.25	.....	40.875
1910.....	42.25	.....	42.15
1911.....	42.25	.....	42.25
1912.....	39.25	.....	38.48
1913.....	39.00	.....	38.75
1914.....	No sales	.....	.....
1915.....	34.00	.....	34.00
1916.....	35.875	\$34.00	35.0482
1917.....	No sales	.....	.....
1918.....	34.50	30.50	30.7053
1919.....	No sales	.....	.....
1920.....	No sales	.....	.....
1921.....	26.00	21.00	23.50
1922.....	30.00	25.00	27.2109
1923.....	28.00	23.00	25.645
1924.....	24.00	24.00	24.00
1925.....	25.25	23.00	24.8707
1926.....	22.50	20.00	21.351

PHILADELPHIA AND GRAYS FERRY PASSENGER
RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$85.00	.....	\$84.64
1897.....	88.00	.....	83.75
1898.....	90.25	.....	89.22
1899.....	102.00	.....	100.80
1900.....	102.00	.....	100.95
1901.....	104.00	.....	104.00
1902.....	105.625	.....	105.08
1903.....	102.00	.....	99.80
1904.....	102.25	.....	100.73
1905.....	105.25	.....	102.10
1906.....	105.25	.....	101.90
1907.....	100.25	.....	96.00
1908.....	87.25	.....	84.59
1909.....	92.125	.....	90.20
1910.....	90.00	.....	85.05
1911.....	80.00	.....	80.00
1912.....	84.50	.....	82.00
1913.....	80.00	.....	79.37
1914.....	83.50	.....	80.633
1915.....	80.00	.....	75.40
1916.....	78.125	.....	76.50
1917.....	80.00	\$72.50	79.00
1918.....	65.50	65.50	65.50
1919.....	67.75	67.75	67.625
1920.....	60.25	60.00	60.041
1921.....	55.00	50.00	52.09
1922.....	65.00	54.00	63.97
1923.....	65.00	65.00	65.00
1924.....	60.00	56.00	58.65
1925.....	59.25	55.00	57.62
1926.....	57.00	56.00	56.50

PHILADELPHIA TRACTION COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$72.125	.....	\$67.00
1897.....	74.375	.....	70.55
1898.....	94.875	.....	83.44
1899.....	99.75	.....	97.00
1900.....	99.75	.....	96.83
1901.....	101.25	.....	97.186
1902.....	100.25	.....	98.18
1903.....	100.00	.....	96.75
1904.....	99.75	.....	97.03
1905.....	101.00	.....	99.78
1906.....	101.625	.....	99.50
1907.....	97.50	.....	92.80
1908.....	92.00	.....	87.046
1909.....	94.25	.....	91.19
1910.....	89.50	.....	86.045
1911.....	87.50	.....	83.739
1912.....	85.75	.....	84.249
1913.....	84.00	.....	82.091
1914.....	83.75	.....	81.117
1915.....	80.00	.....	76.41
1916.....	82.50	.....	78.4277
1917.....	84.00	\$67.00	76.781
1918.....	72.50	65.50	68.777
1919.....	71.00	59.00	66.6226
1920.....	63.00	49.375	53.9427
1921.....	60.00	51.00	54.177
1922.....	70.00	58.00	65.75
1923.....	67.00	58.00	61.5781
1924.....	66.00	58.50	60.9635
1925.....	65.00	56.00	59.4166
1926.....	65.00	56.00	59.3594

RIDGE AVENUE PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$251.00	.....	\$246.12
1897.....	254.00	.....	249.20
1898.....	300.125	.....	294.73
1899.....	309.50	.....	303.85
1900.....	313.00	.....	308.07
1901.....	315.00	.....	306.97
1902.....	315.25	.....	310.91
1903.....	312.50	.....	305.00
1904.....	303.00	.....	301.00
1905.....	305.50	.....	303.90
1906.....	302.75	.....	301.56
1907.....	302.00	.....	292.80
1908.....	265.25	.....	263.25
1909.....	280.00	.....	269.3333
1910.....	274.75	.....	270.87
1911.....	251.00	.....	250.45
1912.....	253.00	.....	249.00
1913.....	245.00	.....	245.00
1914.....	245.00	.....	242.00
1915.....	239.00	.....	239.00
1916.....	No sales	.....	.....
1917.....	236.00	\$236.00	236.00
1918.....	No sales	.....	.....
1919.....	200.50	200.50	200.50
1920.....	190.00	187.50	188.75
1921.....	170.00	170.00	170.00
1922.....	196.75	190.50	193.625
1923.....	190.00	190.00	190.00
1924.....	166.25	166.00	166.125
1925.....	174.00	165.00	167.27
1926.....	169.13	169.13	169.13

SECOND AND THIRD STREETS PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$225.25	.....	\$222.00
1897.....	247.50	.....	239.57
1898.....	285.00	.....	260.95
1899.....	304.00	.....	301.31
1900.....	308.00	.....	304.37
1901.....	311.00	.....	301.28
1902.....	315.50	.....	309.72
1903.....	312.00	.....	303.60
1904.....	301.25	.....	296.31
1905.....	310.50	.....	302.10
1906.....	304.00	.....	299.46
1907.....	294.00	.....	288.48
1908.....	275.00	.....	266.52
1909.....	283.00	.....	270.60
1910.....	280.00	.....	274.20
1911.....	260.25	.....	252.06
1912.....	256.00	.....	251.7664
1913.....	250.25	.....	248.08
1914.....	244.75	.....	242.50
1915.....	241.00	.....	235.00
1916.....	243.00	.....	239.00
1917.....	240.00	\$238.00	239.00
1918.....	217.00	198.00	208.00
1919.....	195.00	180.00	187.50
1920.....	195.50	170.00	185.00
1921.....	175.00	163.00	165.00
1922.....	200.00	171.00	180.00
1923.....	191.00	144.00	167.00
1924.....	170.00	165.00	167.00
1925.....	176.50	165.50	171.00
1926.....	173.50	167.25	170.38

THIRTEENTH AND FIFTEENTH STREETS PASSENGER
RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$235.00	.....	\$228.00
1897.....	261.00	.....	230.60
1898.....	291.50	.....	279.54
1899.....	311.00	.....	308.51
1900.....	316.875	.....	311.47
1901.....	317.00	.....	313.14
1902.....	320.50	\$307.00	312.25
1903.....	320.00	304.50	307.18
1904.....	306.00	.....	302.15
1905.....	310.00	.....	304.94
1906.....	305.25	.....	298.48
1907.....	295.40	.....	286.89
1908.....	276.00	.....	263.59
1909.....	291.00	.....	281.94
1910.....	280.00	.....	250.79
1911.....	260.00	.....	251.09
1912.....	258.00	.....	250.79
1913.....	249.50	.....	247.29
1914.....	246.00	.....	243.73
1915.....	240.00	.....	230.31
1916.....	241.00	.....	235.36
1917.....	240.50	225.00	235.25
1918.....	216.00	180.00	192.77
1919.....	206.25	180.00	192.22
1920.....	190.00	150.00	157.85
1921.....	153.00	141.00	151.60
1922.....	196.25	165.00	190.22
1923.....	196.00	161.00	171.32
1924.....	168.25	160.50	163.70
1925.....	178.00	165.00	174.53
1926.....	173.00	165.00	170.23

UNION PASSENGER RAILWAY COMPANY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$206.00	.....	\$200.90
1897.....	230.00	.....	229.12
1898.....	240.50	.....	227.30
1899.....	260.00	.....	244.97
1900.....	245.00	.....	240.67
1901.....	253.50	.....	246.16
1902.....	254.00	.....	243.25
1903.....	244.25	.....	239.11
1904.....	240.00	.....	233.96
1905.....	241.25	.....	238.41
1906.....	245.00	.....	239.70
1907.....	230.25	.....	246.45
1908.....	210.00	.....	205.60
1909.....	215.50	.....	210.64
1910.....	210.00	.....	202.98
1911.....	204.00	.....	197.982
1912.....	203.00	.....	195.07
1913.....	193.25	.....	191.94
1914.....	190.25	.....	190.00
1915.....	187.50	.....	176.27
1916.....	190.00	.....	185.4228
1917.....	190.75	\$190.00	190.264
1918.....	150.00	150.00	150.00
1919.....	123.00	113.50	115.254
1920.....	118.00	83.25	97.5416
1921.....	115.00	95.00	105.00
1922.....	127.00	122.25	124.50
1923.....	121.00	100.25	110.625
1924.....	110.25	110.00	110.0625
1925.....	117.125	103.50	111.1125
1926.....	110.50	108.00	109.888

UNION TRACTION COMPANY OF PHILADELPHIA

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$20.00	.....	\$14.875
1897.....	13.3750	.....	11.0625
1898.....	21.50	.....	16.788
1899.....	.....	.....	36.686
1900.....	41.625	.....	35.817
1901.....	37.75	.....	30.38
1902.....	48.75	.....	38.68
1903.....	47.875	.....	45.34
1904.....	.....	.....	59.00
1905.....	63.25	.....	61.00
1906.....	65.25	.....	63.15
1907.....	64.50	.....	52.95
1908.....	56.25	.....	48.27
1909.....	58.75	.....	53.32
1910.....	54.00	.....	45.89
1911.....	52.50	.....	47.105
1912.....	52.875	.....	51.421
1913.....	52.50	.....	51.228
1914.....	47.00	.....	43.89
1915.....	47.87	.....	41.78
1916.....	48.50	.....	44.55
1917.....	47.25	\$37.50	42.95
1918.....	42.00	35.00	38.93
1919.....	40.75	33.00	36.31
1920.....	37.00	23.00	30.35
1921.....	37.00	29.50	31.68
1922.....	43.00	34.00	39.67
1923.....	41.25	35.00	38.82
1924.....	43.00	37.50	40.25
1925.....	43.75	38.00	39.85
1926.....	43.50	38.00	40.09

WEST PHILADELPHIA PASSENGER RAILWAY

<i>Year</i>	<i>Highest</i>	<i>Lowest</i>	<i>Average</i>
1896.....	\$224.50	.....	\$222.25
1897.....	235.00	.....	223.50
1898.....	243.75	.....	237.23
1899.....	253.50	.....	244.95
1900.....	258.00	.....	253.377
1901.....	252.00	.....	252.00
1902.....	258.00	.....	254.11
1903.....	256.25	.....	256.05
1904.....	250.25	.....	248.38
1905.....	257.00	.....	252.47
1906.....	257.00	.....	251.40
1907.....	242.00	.....	233.50
1908.....	217.50	.....	213.65
1909.....	220.125	.....	220.0625
1910.....	205.00	.....	204.74
1911.....	215.00	.....	209.684
1912.....	209.25	.....	206.50
1913.....	205.00	.....	202.75
1914.....	200.75	.....	200.75
1915.....	191.50	.....	191.34
1916.....	200.375	.....	197.928
1917.....	168.00	\$168.00	168.00
1918.....	No sales	.....	.....
1919.....	167.00	165.50	166.727
1920.....	133.00	129.50	131.25
1921.....	136.00	119.00	127.50
1922.....	146.00	135.00	143.6666
1923.....	142.00	142.00	142.00
1924.....	No sales	.....	.....
1925.....	145.25	145.25	145.25
1926.....	145.25	145.25	145.25

SCHEDULE NO. 9

PHILADELPHIA RAPID TRANSIT COMPANY

VALUES OF UNDERLYING COMPANY STOCKS 7% CAPITALIZATION BASIS AND MARKET VALUES

RAILWAY COMPANIES	Shares held by Public	Annual Return	Organization Expenses Etc.	Average between high and low prices 1919-1926		7% Basis
				Price	Total Value	
PHILADELPHIA TRACTION GROUP:						
Continental Pass. Ry. Co.	20,000	\$120,000	\$0.50	\$72.00	\$1,440,000	\$75.00
Phila. City Pass. Ry. Co.	19,828	148,710	2,600	108.50	2,151,000	107.12
Phila. & Darby Ry. Co.	3,295	6,590	60	25.00	82,000	23.67
Phila. & Grays Ferry Pass. Ry. Co.	12,296	49,184	1,050	58.87	724,000	57.17
Ridge Ave. Pass. Ry. Co.	14,989	179,868	2,000	182.75	2,739,000	171.46
13th & 15th Sts. Pass. Ry. Co.	19,950	239,400	1,250	173.62	3,464,000	171.43
Union Pass. Ry. Co.	23,954	227,563	1,000	110.12	2,638,000	118.56
West Phila. Pass. Ry. Co.	7,141	71,410	1,124	143.00	1,021,000	124.91
Total Philadelphia Group		\$1,042,725	\$9,134		\$14,259,000	\$14,127,000
ELECTRIC & PEOPLES GROUP:						
Citizens Passenger Ry. Co.	10,000	\$140,000	\$2,000	\$196.00	\$1,960,000	\$200.00
Germantown Pass. Ry. Co.	30,000	157,500	2,350	77.00	2,310,000	75.00
Green & Coates Sts. Pass. Ry. Co.	10,000	60,000	1,000	82.50	825,000	74.30
2nd & 3rd Sts. Pass. Ry. Co.	21,204	254,448	2,250	172.00	3,647,000	171.43
Frankford & Southwark Phila. City Pass. Ry. Co.	37,470	674,460	2,560	245.00	9,180,000	257.14
Peoples Pass. Stock Trust Certs. (\$1000)	4,930	197,200	2,171	665.00	3,278,000	571.42
Total Electric & Peoples Group		\$1,483,608	\$12,331		\$21,200,000	\$21,080,100
MISCELLANEOUS:						
Fairmount Park & Haddington Pass. Ry. Co.	6,000	\$18,000	\$525	\$40.00	\$240,000	\$42.83
Hestonville, Mantua & Fairmount Pass. Ry. Co. (Com.)	4,028	8,056	125	25.00	101,000	28.55
Hestonville, Mantua & Fairmount Pass. Ry. Co. (Pref)	5,876	17,628	125	43.50	256,000	42.89
Darby, Media & Chester St. Ry. Co.	17,000	42,500	500	30.00	510,000	31.41
Total Miscellaneous		\$86,184	\$1,275		\$1,107,000	\$1,156,000
Total Railway Companies		\$2,612,517	\$22,740		\$36,566,000	\$36,631,100
TRACTION COMPANIES:						
Philadelphia Traction Co.	400,000	\$1,600,000	\$9,050	\$60.18	\$24,072,000	\$57.14
Electric & Peoples Stock Trust Cfts. (\$1000)	29,730	1,189,438	2,350	625.00	18,581,000	571.54
Total Traction Companies		\$2,789,438	\$11,400		\$42,653,000	\$39,848,900
Union Traction Co.	600,000	\$1,800,000	\$13,750	36.62	\$21,972,000	42.86
Total Traction and Union		\$7,201,955	\$47,890		\$101,191,000	\$101,926,000

SCHEDULE NO. 10**PHILADELPHIA RAPID TRANSIT SYSTEM
CONSOLIDATED INCOME ACCOUNT****YEAR ENDED DECEMBER 31, 1926**

Gross Passenger Earnings.....	\$57,196,610.17
Other Operating Revenue.....	830,942.64
	<hr/>
	\$58,027,552.81
Maintenance and Depreciation.....	9,278,331.96
Power Operation.....	3,613,393.32
Conducting Transportation	20,566,841.25
General	8,047,590.32
Taxes, including Paving Tax	3,409,097.71
	<hr/>
	\$44,915,254.56
Operating Income	\$13,112,298.25
Non-Operating Income	707,505.47
	<hr/>
	\$13,819,803.72
Rentals	8,544,695.42
Interest	1,379,803.02
Frankford Elevated Rental.....	687,610.43
Sinking Fund—City Contract	180,000.00
	<hr/>
	\$10,792,108.87
Net Income	<hr/> <hr/>
	\$3,027,694.85

After providing for 7% dividend on preferred stock and 8% dividend on common stock \$20,285.28 remained to be transferred to surplus.

SCHEDULE NO. 11.**PHILADELPHIA RAPID TRANSIT COMPANY****BALANCE SHEET****DECEMBER 31, 1926****ASSETS**

Road, Equipment, Real Estate, Sinking Fund, including Expenditures for Leased Lines..	\$74,757,269.44
Reserve Fund for Renewals.....	5,000,000.00
Cash	7,212,756.88
Materials and Supplies, Accounts Receivable, etc.	3,648,430.06
Deferred Assets and Unadjusted Debits....	1,823,478.06
	<hr/>
	<u>\$92,441,934.44</u>

LIABILITIES

Capital Stock:	
Common Stock	\$29,996,235.00
Preferred Stock	13,982,600.00
Funded Debt	22,866,000.00
Audited Accounts, and other Current Lia- bilities	4,307,760.27
Accrued Rentals, Interest and Taxes.....	4,677,799.76
Dividend Payable February 1, 1927.....	599,911.00
Reserve Accounts:	
Depreciation and Renewal	7,174,061.81
Accident	2,165,109.19
Miscellaneous	183,269.12
Surplus	6,489,188.29
	<hr/>
	<u>\$92,441,934.44</u>

